REPORT OF THE MLA COMMITTEE ON

STRENGTHENING ALBERTA'S ROLE IN CONFEDERATION

Alberta
GOVERNMENT OF ALBERTA

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LETTER TO OUR FELLOW ALBERTANS

Albertans have always been leaders and mavericks, rich in spirit and bold in vision. Alberta itself was established by a brave and ambitious group of citizens who, working together, built strong ties to improve their lives, families and communities.

This same trailblazing spirit has, over the years, led Albertans to challenge the status quo; to challenge prevailing opinions and ideas, when necessary; and to accept the challenge of tackling contemporary problems with depth of thought and fullness of courage.

This spirit has also led Albertans to historically speak out against inequities and against decisions made or actions taken without due regard for the people of our province.

On every key issue, from the Senate to the Canadian Wheat Board to the Kyoto Protocol, Albertans have had, and continue to have, a strong sense of what is best for their families, their province, and their country.

As Alberta approaches its centennial year, our spirit inspires us to ask, "How will Albertans, with boldness and vision, lead Canada and Canadians towards prosperity and purpose in the next hundred years?"

As Alberta prepares to enter its second century, this question and a renewed discussion about federal-provincial relations are both appropriate and timely to address.

Never afraid to ask tough questions and to seek opinions from Albertans, Premier Klein announced the appointment of the MLA Committee on Strengthening Alberta's Role in Confederation on November 15, 2003. The challenge was issued: gather Albertans' views about our relations with the federal government; talk to them about Canada and our place within it, and ask them how Alberta, bold in vision and rich in spirit, can strengthen its role in Confederation and contribute to a prosperous and vibrant Canada.

This report is a testament to Alberta's ambitious past and its optimistic future. It is a reflection of your views, your concerns and – most importantly – your ideas. And it responds to a call for constructive change to the status quo.

Thank you, to all Albertans, for your wisdom and your input.

Signed

Members of the government MLA Committee on Strengthening Alberta's Role in Confederation

Committee members:

Ian McClelland
Chair
MLA, Edmonton-Rutherford

Mary Anne Jablonski
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MLA, Red Deer-North

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Janis Tarchuk, MLA
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OUR MANDATE

Premier Ralph Klein established the MLA Committee on Strengthening Alberta's Role in Confederation on November 15, 2003. The Committee was struck in response to several coinciding intergovernmental factors.

Two of these factors were particularly important: elections in a majority of the provinces and the impending change in the federal leadership. These changes made it timely to refresh discussions about federal-provincial relations.

Another factor was a marked increase in concern expressed by Albertans about actions taken by the federal government on a variety of sensitive issues. Concerns about federal intrusions are not new in Alberta, but recent federal actions led some Albertans to suggest that Alberta should assert its provincial jurisdiction more visibly and strategically.

The Committee was tasked with exploring a broad range of federal-provincial issues. This included an examination of historical successes in Alberta's relations with Ottawa and an examination of those areas in which our relationship faces contemporary challenges.

As in any federation, where regional and central governments may disagree on sensitive issues, Alberta and the federal government have their share of challenges. Issues that disproportionately touch on the lives and prosperity of Albertans, such as the Canadian Wheat Board and the Kyoto Protocol, have generated concern among Albertans about how our province is heard, regarded and treated in the relationship.

The Committee was sent out to gather viewpoints from Albertans about these key challenges, about the federal-provincial relationship generally, and to solicit input from Albertans on how our relationship might be changed for the better.

Finally, the Committee was challenged to ask Albertans for their ideas on how to "strengthen Alberta's role in Confederation." This broad question allowed for the discussion of ideas such as the establishment of a provincial pension plan, the creation of a provincial police force, and the collection by the province of its own personal income taxes. It also, however, allowed Albertans flexibility and creativity in telling the Committee how they saw Alberta becoming stronger in other ways, all with a goal of contributing positively to the national fabric.

THE COMMITTEE PROCESS

The Committee sought to solicit as broad a range of viewpoints as possible and ensured that Albertans had a variety of options at their disposal for contributing their ideas and suggestions.

Albertans were invited to make written submissions by way of regular mail or e-mail and were able to contribute through a telephone comment line.

The Committee also established a website that provided information about the Committee and its process and provided background material for interested Albertans. The website also featured an option that allowed Albertans to submit comments directly to the Committee.

Finally, Albertans had the option of making presentations to the Committee at public hearings held around the province.

The Committee scheduled 12 public hearings at centres across Alberta: Hinton, Grande Prairie, Peace River, Fort McMurray, Medicine Hat, Red Deer, Lethbridge, Edmonton, Drumheller, St. Paul, Wainwright and Calgary. An additional 13th hearing, held in Edmonton, was added to accommodate the large number of interested participants in the Capital Region.

The hearings were held between January 15, 2004, and March 4, 2004. All hearings, except for the additional 13th hearing, were held during evening hours in order to accommodate as many people as possible. The hearings were advertised through local newspapers and radio stations.

WHAT YOU SAID

It is a significant responsibility and duty to be involved in these hearings… Alberta has been a leader in good government in the past 15 years. Now is the time to move forward again… But here is my vision, members of the Committee. In 10 or 20 or 30 years our children and grandchildren will say of us in this room…they started a revolution in 2004. Not a revolution with guns and bullets but the most dangerous of all revolutions…a revolution of ideas.

- Participant from Edmonton

We commend the Government of Alberta for recognizing that western alienation / discontent is a recurring issue for many Albertans – the roots of which need to be better understood in order that we might both make a fuller contribution to Confederation, while at the same time better articulating the issues that define Alberta as a unique economic region.

- Alberta Chamber of Commerce

Let me take this opportunity to thank the Government of Alberta for allowing its citizens the opportunity to provide their input on the issue of this province's future role in Confederation. This is a subject all Albertans should take seriously as we approach our centennial as a province.

- Submission from Banff

WHAT YOU SAID

The issue before you, and before all Albertans as we approach our second century, is this – how can we become a primary influence in shaping Canada throughout the 21st Century? What must we do so that Alberta leads Canada and Canada leads the world?

- Participant from Lac Des Arcs

I am glad that you are displaying two flags…Canadian and Albertan. For while I am a proud Albertan, I shall never forget that I know this is possible only because we are part of Canada.

-Participant from Forestburg

I am a strong supporter of Alberta remaining within Canada but I welcome this opportunity to examine how to make sure the relationship between the governments is the best designed for current times.

- Submission from Calgary

I am pleased to find out that Alberta is looking at taking stronger control of its future. Albertans are expected to be part of a system that treats us with disrespect and takes our money without giving back anything of substance.

- Submission from Silver Valley

Albertans interested in making presentations at the public hearings were encouraged to pre-register with the Committee. Unregistered "walk-up" presenters were invited, accommodated, and heard after the list of registered participants was complete.

More than 150 Albertans presented before the Committee at public hearings. More than 200 submissions were received through the Committee's website, and the Committee received more than 300 pieces of written input by way of regular mail and e-mail.

In all, the Committee received more than 700 submissions from interested Albertans. The opinions, concerns and ideas expressed in these submissions were analyzed and incorporated into the Committee's deliberations.

OVERVIEW

As the Committee began its work, a key objective was to hear from as many and as diverse a group of Albertans as possible. Looking back on the variety of input received, the Committee feels that this objective was met.

The Committee heard from a cross-section of Albertans. Participants ranged from first-generation Canadians who were new to Alberta, to individuals whose ancestors helped shape the province. People from all walks of life provided their unique perspectives about federal-provincial relations and Alberta's role in Canada – past, present and future.

We heard from Albertans working in a wide range of fields, including agriculture, oil and gas, education, health care, business, and social services. We heard from Mayors and Members of Parliament; Presidents and CEOs; members of our Canadian Armed Forces; and community leaders, historians, and advocates. We also had the benefit of input from various not-for-profit organizations, public policy institutes, and political advocacy groups.

Some participants appeared as representatives of organizations, but most participants appeared as individual Albertans, concerned about their province and brimming with ideas and passion for its future.

Most Albertans who participated in the process expressed appreciation for the opportunity to share their views and values. Virtually all expressed great pride in being Albertan and in being Canadian. They expressed their zeal for the province and its history. They brought to the Committee a sense of hope and optimism for Alberta's next hundred years.

WHAT YOU SAID

Alberta has historically played a strong role in Canada. Alberta has consistently contributed leadership in the ways of economic reform, innovative methods of doing business, and even in the field of medical research. We have seen Alberta's economic wealth as a major contributor to making this country strong. We have produced generations of political leaders that have shaped how this country is governed and many legacies have been left to Canadians through their efforts. The leadership that Alberta has shown within Canada and the impact that has been made on Canada and the world is something that Albertans can truly be proud of.

– Participant from Grande Prairie

What is Alberta's Role in Confederation? It is a voice of success and strength. It is a voice of innovation. It is a challenger of the norms. It is a leader among other provinces and territories as we all try to improve the quality of life in Canada.

– Submission from Wainwright

I am not a separatist nor an isolationist; I am simply in favour of Alberta accepting responsibility for its own governance, and exercising the powers it has under the Canadian Constitution.

– Submission from Devon

WHAT YOU SAID

When a federal government wants to influence programs in a given province, they simply wait for an election year and buy their way into the program that interests them…but over time the federal government retreats from the program and the province is left with programs they cannot afford and services suffer.

- Participant from St. Paul

The federal government has intruded into constitutionally guaranteed provincial jurisdictions while using our tax dollars to buy votes in the rest of Canada. We find ourselves in the absurd position of indirectly funding those determined to defeat any efforts of genuine government reform.

- Participant from Claresholm

There is absolutely nothing wrong or unpatriotic about an Alberta Pension Plan. It makes good economic sense. I don't see politicians criticizing Quebec for their pension plan or Ontario for having a Provincial Police Force.

- Submission from Lethbridge

Let's reenergize the image of Albertans as nation builders.

- Famous 5 Foundation (Calgary)

Albertans also conveyed their passion about our collective ability to be creative, to solve problems, and to tackle challenges head on. Many cited the accomplishments Albertans have realized by working together, such as balancing the fiscal books and achieving world-class K-12 education results, as examples of Albertans' "can-do" attitude. Others, with a view to our past, spoke eloquently about Alberta's national reputation for embarking on tough battles and trailblazing initiatives, such as Alberta's "Famous Five" who won major victories for women's equality.[1] Albertans were articulate in their expression of the many good things Albertans have done for the betterment of the country and the lives of their fellow Canadians.

Albertans told us they wanted to continue this bold and visionary leadership. They expressed the view that Alberta should, with such trailblazing spirit, continue to enhance our country by tackling contemporary challenges and by sharing solutions and lessons. Albertans indicated they care deeply about Canada's integrity and prosperity and want to help lead the way in furthering both.

This pride, however, was tempered with some overriding concerns.

A good number of Albertans expressed frustration with the federal government. In particular, objections were expressed about the federal government's increasing intrusion into areas of provincial responsibility, especially in the areas of property rights and natural resources.

Albertans also voiced worries over the federal government's inability to manage programs and tax dollars effectively and with accountability. The costly and ineffective gun registry, waste and mismanagement in federal departments and agencies, and uncertainty over the viability of the Canada Pension Plan were frequently cited, as was the recent federal "sponsorship scandal."

[1] In 1929, Alberta's Famous Five – Emily Murphy, Nellie McClung, Henrietta Muir Edwards, Irene Parlby and Louise McKinney – successfully challenged an interpretation in the *British North America Act* (now the *Constitution Act, 1867*) that barred women from being appointed to the Senate of Canada.

Albertans expressed their frustration with what they see as the federal government influencing Alberta's policy choices through the transfer payment system. Many presenters communicated their extreme disappointment and displeasure about the lack of respect Alberta receives despite the amount of money sent by Albertans to Ottawa each year.

The Committee also heard loudly and clearly that Albertans' frustrations are not with their fellow Canadians, nor are they with Canada as a country. Their frustrations are with a federal government many Albertans see as distant and frequently out of touch with our realities. Many presenters challenged Alberta to fully exercise its constitutional jurisdiction.

The Committee communicated at the outset of each public hearing, and on its website, that the process was not an opinion poll. The Committee was charged with the responsibility of exercising its judgment in the interests of Albertans, taking into consideration the input it received. The Committee took great care to reflect fairly on what it heard from Albertans as it moved forward in its deliberations. The Committee also reflected on the views of experts in such fields as taxation and pension policy.

Our Deliberations

The Committee was encouraged to conduct its deliberations in the context of the following three guiding principles:

1. **The Alberta government should manage its existing constitutional responsibilities effectively, and firmly defend its right to do so.**
   The Committee recognizes that Alberta takes seriously its obligations under the ***Constitution of Canada*** to deliver services to its citizens. Under the Constitution, provinces are, among other matters, responsible for health care, education, and most social programs.[3] Alberta also takes seriously its

[3] A list of provincial constitutional responsibilities is found in the Appendix of this report.

WHAT YOU SAID

I challenge you as legislators to show vision, and leadership, and re-affirm provincial jurisdiction over every area that constitutionally belongs to the Province of Alberta. I challenge you to build a legacy that will benefit all Albertans.

- Participant from Granum

I hope for respect too, but just as I have learned in my own life, real respect does not emerge from one side wielding power and privilege, but from a history of responsible action that sustains family and community.

- Participant from Calgary

As Albertans we stand on the verge of a new wave of federal intrusion into our provincial responsibilities that will make Trudeau's NEP look small in comparison. Never in Alberta's history has it been so important to occupy all the areas of provincial responsibility as it is today.

- Submission from New Brigdon

There isn't one thing that Ottawa can do for us that we can not do better ourselves.

- Submission from Medicine Hat

Alberta has the power to change this country.

- Participant from Edmonton

WHAT YOU SAID

My wife and I recently moved to Alberta. Firstly, to be nearer to our grandchildren but secondly, we have been impressed with Alberta's "can-do" attitude.

- Participant from Red Deer

As a province with approximately one - tenth of the population of Canada, Ottawa grants us very little influence in national affairs…The thinking seems to be that our work ethic and entrepreneurial spirit set us apart from other Canadians and somehow that makes us less deserving of the considerations given to other parts of the country.

- Submission from St. Albert

The fathers of Confederation correctly assigned to the provinces those functions that more directly affected their constituents, particularly education and social services, including health services. The federal government's responsibilities included defense, immigration, central banking, foreign affairs and international trade. Over the years, these lines have been blurred largely by the federal government encroaching on provincial responsibilities by offering to provide financial assistance for programs it proposes, provided it sets the rules.

- Submission from Edmonton

obligation to deliver these services in an accountable fashion, taking care and responsibility for Albertans' tax dollars.

The Committee also recognizes that Alberta takes pride in delivering these services in a cost-effective and well-managed manner, and in a way that responds to the particular needs of Albertans. Maintaining our rightful jurisdiction over our responsibilities ensures appropriate stewardship by Alberta.

2. **Alberta should work with other provinces, where appropriate, to identify common interests in both federal-provincial and interprovincial relationships.**

The Committee believes that provincial governments are best positioned to identify areas of shared objectives and interests. Where it makes sense to do so, provinces can harmonize their approaches to encourage social and economic development. This approach is far more respectful and certainly more preferable than the unilateral imposition of rules by the federal government. It provides provinces with flexibility in delivering programs and services.

The Committee sees provincial flexibility as a key principle in the Canadian federation. A federally imposed "one size fits all" approach is rarely effective in our country, given Canada's geographic size and great provincial diversity. Provincial flexibility allows Alberta and the other provinces to be incubators of innovative ideas and to find new ways of doing things. It allows us to break new ground, measure our effectiveness, and share our successes with the rest of Canada.

3. **In those areas where responsibilities overlap, Alberta should work with the federal government to ensure Alberta's interests are represented and addressed.**
   The Committee feels that Albertans are not interested in picking fights or taking actions that intentionally provoke or sour relations with the federal government or with other provinces. Alberta and Canada collaborate on a number of fronts, and jeopardizing these partnerships is not in the interests of Albertans. However, the interests of Albertans need to be effectively represented. It is the role of the Government of Alberta to ensure these interests are appropriately raised and properly addressed.

These principles provided the Committee with valuable context as it considered the articulate and novel ideas presented by Albertans.

Always in the mind of the Committee members was the importance of remaining true to the trailblazing spirit for which Albertans are famous. It is this spirit that drives our aspirations for bold leadership and great achievements, and even when the prospect of failure looms large, it is this spirit that motivates us to try solutions that are unconventional and daring. Albertans, it can be said, embrace the axiom, "Try and you may fail; try again and you may fail again; but the only true failure is to give up trying." For Albertans are leaders in Canada, and this is what true leaders do.

WHAT YOU SAID

Alberta has always been a leader, not a follower. We take a practical approach. We don't need to wait for the feds or anyone else to give us permission. Let's show Ottawa again what's possible when a bunch of maverick Albertans get together, tackle a problem head on, and try solutions that no one else has the courage or the foresight to try. And then share the results with our fellow Canadians.

- Participant from Calgary

By taking leadership now, onto a higher and more principled path, by taking one courageous act, by daring one moment of truth, the eyes of the world, and most important, those of the hard working citizens of this great country, will be opened and real opportunity for change can emerge.

- Participant from Didsbury

It might be argued that it will cost Albertans more to have control of policing, pensions and taxation, but that is not a major consideration. There are studies that show it will cost Albertans less, but again, that is not the purpose. The purpose is to send a message that Albertans are serious about our constitutional rights and responsibilities.

- Submission from Edmonton

PENSION PLAN

Perhaps the most complex idea faced by the committee was that Alberta establish its own pension plan as an alternative to the Canada Pension Plan (CPP). A decision involving billions of dollars that could affect the future income of Albertans requires careful and prudent review.

The Committee clearly heard that Albertans want a strong, stable, and fair pension plan that provides reliable income in their retirement, without intergenerational inequity, and with a positive rate of return on their investment. Achieving this should be the overriding goal.

The CPP is currently a jointly-managed federal-provincial pension plan administered by the federal government. CPP has never been "fully-funded." Instead, it operates on a modified "pay-as-you-go" basis. Contributions made by today's workers pay the benefits of today's retirees and provide a cushion for payment of some future benefits.

In the 1960s, when Canada's population was projected to grow rapidly, such a plan was financially feasible. However, those population projections were inaccurate. Canada's declining birth rate, among other factors, has caused the ratio of working-aged persons to retirees to fall steadily across all regions.[1] As a result, workers today contribute more than they should, because today's retirees contributed far less than we now know was needed to sustain the system. Young people just entering the workforce feel this intergenerational inequity most strongly.

WHAT YOU SAID

It is a complicated proposition and only a comprehensive, in-depth analysis could attempt to put forth an informed opinion.
-Participant from Bonnyville

A secure and reliable pension plan is a priority with a great number of Albertans. We believe this should be provided by the Alberta government rather than the federal government.
- Participant from Strathmore

If we want an Alberta Pension Plan, it has to be a better plan, not just to spite the federal government. You and your colleagues might put together a proposal and show it to the other provinces and the federal government. If it's better, we need to share our good ideas for the good of the whole…
- Submission from Forestburg

I suspect the contribution rates for the CPP will skyrocket in the next few years, and I for one feel that more deductions from my already overburdened paycheck will drive me and my family into crisis.
- Submission from Calgary

[1] This is even happening in Quebec, which never participated in the CPP and has always had its own Quebec Pension Plan (QPP). A working paper from the Régie des rentes du Québec indicates that in 2000 the ratio of working aged people (20-64 years of age) to retirees (65 and over) was 4.7:1. This ratio will fall to 2.1:1 by 2030. The rest of Canada will see its working-age-to-retiree ratio fall from 4.9:1 in 2000 to 2.5:1 in 2030. *Adapting the Pension Plan to Quebec's new realities.* Quebec: Régie des rentes du Québec, 2003.

WHAT YOU SAID

Without access to capital…and the right forms of capital…much of the benefit of Alberta's investment in research and development will migrate to other jurisdictions. We should strive to retain the benefits of our research within Alberta for as long as is possible and realistic.
- Participant from Edmonton

The current Canada Pension Plan does not achieve a reasonable trade-off between actuarial fairness and protection against poverty in old age. Currently the Canada Pension Plan redistributes income from the young (who may be poor) to the old (who may be rich), often in an inequitable way.
- Lethbridge Chamber of Commerce

The pension system should not be run separately, because as Canadians, we tend to move around the country, and every time we move we need to change all our financial contacts, but it is nice to know that our pensions stay with us.
- Submission from Calgary

There should be no move to replace the CPP unless the Alberta government can prove beyond any doubt whatsoever that an Alberta pension plan would…cost less to administer; increase, or at worst, maintain the current level of entitlements to pensioners or the disabled; and reduce premiums to workers.
- Online Submission

Reforms implemented by the federal government since 1997 have made the CPP more sustainable. Contributions were dramatically increased to 9.9% of income and some benefit reductions were put in place for current contributors. An independent CPP Investment Board was established to manage CPP assets in the best interest of contributors and beneficiaries. Assets are now invested to achieve a maximum rate of return without undue risk of loss. Measures were also introduced to require any further benefit improvements to be fully funded, and to require a freezing or reduction of benefits if costs increased beyond 10%.

Other countries have confronted problems with their national pension plans similar to those experienced by CPP. These countries have moved to more fully-funded models, incorporating ideas such as self-directed retirement accounts. Alberta has led the way before in driving previous CPP reforms, and is well positioned to continue these efforts.

Proponents of an Alberta pension plan told the Committee that such a plan could provide the same benefits as the CPP for lower premiums because Alberta currently has a younger work force with higher average income, and lower unemployment than the rest of the nation. They noted that Alberta would control its own pension assets - and could invest these in a way that benefited Albertans and spurred a local financial services industry. Some argued that these moves would improve Albertans' confidence in their public pensions.

Those opposed to Alberta withdrawing from the CPP raised concerns that Alberta would be required to assume its almost $60 billion share of unfunded CPP liability. They were also concerned that an Alberta plan would reduce pension portability between Alberta and other provinces. They worried an Alberta plan would be subject to more risk due to its reliance on a smaller population of contributors. They noted that Alberta's current demographics could shift quickly and significantly.

The Committee contends that creating an Alberta plan modeled on the CPP would exhibit the same intergenerational inequity that exists in the CPP. Alberta would be able to create its own plan, distinct from the CPP, only with the consent of at least two-thirds of the provinces comprising at least two-thirds of the population of the provinces. It is doubtful that Alberta could secure the required consent because our withdrawal from the CPP would cause premiums in those provinces to rise.

There are benefits to creating an Alberta Pension Plan based on the CPP model. Alberta would have control of its own pension assets to strategically invest and provide a source of much needed equity capital. It is important to note, however, that a significant amount of CPP investments are already made in Alberta.[2] In effect, Alberta receives more than its fair share. Furthermore, if Alberta created its own plan, it would not necessarily invest the assets solely within Alberta.

Whether pension assets would be an appropriate source of equity capital is questionable. The Committee agrees, however, that the diversification of the Alberta economy depends on successfully connecting emerging technologies and products with equity capital sources. **The Committee recommends** that the Government of Alberta develop an aggressive strategy to improve access to equity capital.

Considering all of the above, the Committee believes that withdrawing from the CPP and creating a separate Alberta pension plan is not in the best interests of Albertans. That is not to say that the CPP should not be improved for Albertans and all Canadians. **The Committee further recommends** that Alberta develop and advocate further CPP reforms that will end the intergenerational inequity, and move the CPP to a fully-funded foundation.

WHAT YOU SAID

An Alberta Pension Plan will create white-collar jobs in the investment industry in the province including portfolio managers, analysts and provide for more transactions for Alberta brokers and even more trades on the Venture Exchange. The creation of a strong financial industry in Alberta is critical for the economic diversification of the province.

- Participant from Edmonton

We are writing to express our support of an Alberta Pension Plan. As a family of six (that includes five adults) we understand that if Alberta opted out of the CPP and established its own plan, we could save hundreds of dollars in premiums.

- Submission from Edmonton

I strongly encourage the Alberta Government to take control of the CPP contributions currently sent to Ottawa…I believe our provincial government can do a better job than the federal government ever will.

- Online Submission

[2] Visit www.cppib.ca for information on investments made by the CPP Investment Board.

TAX COLLECTION

Another idea raised before the Committee was that Alberta collect its own personal income taxes. Like all other provinces outside of Quebec, Alberta has a Tax Collection Agreement (TCA) with the federal government. Under the TCA, the federal government collects Albertan's personal income taxes on Alberta's behalf and then remits them to the province. The federal government also provides administrative services and auditing, and pursues delinquent accounts. Alberta pays an administrative fee for the service.

The TCA has historically been somewhat restrictive, and places some limits on what Alberta can do with its personal income tax system.[1] This limits Alberta's tax policy flexibility. Alberta continues to seek greater tax flexibility in its TCA renewal negotiations.

A number of participants suggested that Alberta abandon the TCA and collect its own personal income taxes. Most of these suggestions, however, did not support the idea based on tax policy, but on the mistaken belief that such a move would end the "wealth transfer" out of Alberta.

The Committee appreciates some Albertans are frustrated that Albertans transfer an estimated $9 billion more to the federal government in the form of taxes and other payments than is returned by the federal government. The Committee also recognizes Albertans feel that all Canadians should receive reasonably comparable levels of public services at reasonably comparable levels of taxation. Albertans also expect value for their money. It is clear that many Albertans do not believe they are getting sufficient value from federal services to justify the vast amounts of wealth they are transferring to the federal government. Albertans demand that public dollars be considered a public trust and spent wisely in the public interest.

[1] For example, Alberta is limited to calculating its personal income tax as a percentage of federal personal income tax.

WHAT YOU SAID

The provinces (except Quebec) and the federal government take part in Tax Collection Agreements. Under the agreements, the federal government administers the provincial income tax system and, in exchange, the provinces levy their income tax using federally-defined "taxable income" as the base. Albertans benefit from the simplicity and efficiency of filling out one set of tax returns in a year and dealing with only one tax collector.

- Participant from Calgary

Collecting our own income taxes would not prevent the federal government from continuing to collect taxes in Alberta. The federal government has the constitutional authority to levy direct or indirect taxes in Alberta. As a result, moving to our own tax collection system would have little influence over federal policy decisions.

- Participant from Calgary

I don't necessarily agree with Alberta collecting its own income taxes. This will create a larger civil service, and unless there have been problems with Ottawa's properly accounting for income taxes from Alberta, it seems that the only thing that this would accomplish would be to add more civil servants...I also don't look forward to doing an extra tax form every year.

- Submission from Calgary

WHAT YOU SAID

We do not believe many Albertans would support a separate tax collection system. The filing of a separate provincial tax return would be seen as a major inconvenience. Different tax policies for the computation of taxable income or taxes payable would heighten this concern and definitely add to compliance costs. Government services should be coordinated at all levels and provided in the most efficient and cost effective manner.
- Institute of Chartered Accountants of Alberta

To implement a separate Alberta system, hundreds of new tax collection employees would need to be hired and an extensive infrastructure built to track and enforce the Alberta income tax. All of this would be duplicating the federal infrastructure.
- Alberta Federation of Labour

Ongoing cost of operating the system would be in the $80 million range employing 1000 to 1200 people...That's $80 million per year that would be spent here in Alberta. Creating new jobs for 1,000 to 1,200 people...people paying taxes here instead of Ottawa...people buying houses and spending their pay cheques here instead of Ottawa.
- Participant from Calgary

The Committee must point out that having Alberta collect its own personal income taxes would not change the net wealth transfer from Albertans. This is because the $9 billion wealth transfer is due to federal income taxes, levies, and premiums, which are collected from Albertans by the federal government and redistributed across Canada through equalization payments, transfer payments, and other federally-run programs. Some participants suggested that Alberta should be the sole collector of taxes and send Ottawa whatever Alberta felt appropriate. Tax collection does not work in this way. The federal government has the constitutional authority to collect these monies, regardless of how Alberta chooses to collect its own taxes.

Collecting our own personal income taxes would be a costly venture. One analysis suggests that set-up costs would be $30-40 million and that annual administrative costs could be between $70 and $160 million (including the costs of an additional 1,000-2,000 full-time positions that might be required).[2] By comparison, the administrative fee paid by Alberta under the TCA is less than $5 million annually. The Committee is also concerned that individual Albertans and businesses in the province would incur higher out-of-pocket costs in complying with two separate tax systems. This consideration alone makes the idea impractical.

The Committee believes the TCA provides Alberta with administrative efficiency in personal income tax collection. But Alberta cannot and should not allow the TCA to be used as a mechanism that dictates Alberta's tax policy or fetters Alberta's tax policy flexibility. The sensitive and fundamental nature of personal income tax necessitates that Alberta do what is required to maintain jurisdiction over tax policy.

The Committee recommends that the Government of Alberta reach a new Tax Collection Agreement with the federal government that addresses Alberta's concerns and provides increased tax policy flexibility.

[2] Grady, P. *A Separate Personal Income Tax Collection System for Alberta: Advantages and Disadvantages.* Commissioned by Alberta Finance. March 31, 2004.

POLICE FORCE

The Committee also heard suggestions that Alberta should follow the example of provinces like Ontario and Quebec and create its own provincial police service.[1]

Alberta had its own provincial police service once before, from 1917 through 1932, when the federal government cancelled the police services contract between the Royal Northwest Mounted Police (RNWMP) and Alberta. The RNWMP returned in 1932 when Alberta disbanded the Alberta Provincial Police (APP).

Today, the Royal Canadian Mounted Police (RCMP) provides policing services under a service agreement between Alberta and Canada reached in 1992. This service agreement expires in 2012. Under this agreement, policing costs are shared between Alberta and the federal government, with Alberta covering about 70% of costs and the federal government covering the remaining 30%. In 2002-2003, Alberta's share was $104 million. Cost reviews occur every five years, with the next scheduled in 2007.

Some participants suggested that the agreement not be renewed in favour of the re-establishment of an Alberta provincial police service. These participants were attracted to the fact that such a service would be Alberta-financed, Alberta-managed and, it was argued, more Alberta-focused. Participants argued that such a service would respond more directly to the unique needs of the province, would hire and promote Albertans, and would report directly to the Alberta Solicitor General rather than the federal government in Ottawa. While many former RCMP officers would likely need to be recruited in order to start up an Alberta service, federal hiring practices and political policy objectives would not be in play. Albertans would police Alberta.

[1] The Committee wishes to acknowledge the work done by the MLA Policing Review Committee, whose findings and report of July 2002 were helpful in providing the Committee with background and context on policing in Alberta.

WHAT YOU SAID

Law enforcement officer training is a costly item. The RCMP is trained in what is considered one of the best police officer training facilities in North America. This happens at Canada's cost. It's a definite advantage to Alberta to have well-trained officers serving our requirements at no training costs.

- Participant from Forestburg

Alberta once had its own police force but gave it up during the depression, instead contracting for the services of the RCMP. Advantages of having our own police force, such as being more familiar with provincial concerns have been quoted, but I have not heard mention of the increased job opportunities to our young men and women who may wish to join a police force.

- Participant from St. Albert

The RCMP has no understanding of what the people of Alberta expect from their police force. The money that we as Albertans contribute for the RCMP in our province would be better suited by employing our own police force, which would be geared towards taking care of what Albertans feel is a priority for their own security.

- Submission from Edmonton

WHAT YOU SAID

Our own provincial police force would police provincial jurisdiction statutes and those responsibilities which fall under provincial responsibilities, much like Quebec and Ontario. One important benefit is an Alberta provincial police force would report directly to a provincial government in Edmonton rather than, like the RCMP, to a Liberal federal government in Ottawa.

- Participant from Drayton Valley

Replacing time-honoured national traditions such as the RCMP is not the way to go. The RCMP in this province provides unbiased high-quality police services to the public and is anything but politicized as is being suggested by some.

- Online Submission

We had our own provincial police force once. Why do we allow the RCMP, the federal force, to have the contract for provincial policing? Let's face it, who are they loyal to?

- Online Submission

Do we really need the RCMP or can we have our own policing force only better for the same money as we are dishing out now?

- Online Submission

Others, however, argued against such a move. These Albertans felt a strong attachment to the tradition and stability afforded by the RCMP. They also recognized that the RCMP is one of the best-trained police forces in the world, and is regarded by other countries as a leader in policing. They worried about the fiscal implications of such a move, given that under the current agreement, the federal government shares in the costs of policing Alberta.

Albertans from small and rural communities were more inclined to support an Alberta police service. Some presenters to the Committee conveyed the perception that the RCMP is unable to spend a sufficient amount of time and resources on local priorities because they are driven by the force's national priorities.

The Committee appreciates this sentiment. In small and rural communities, minor crimes such as vandalism and petty theft are often the focus of residents' concerns. A municipal police service must be prepared and willing to address such crime if it is to effectively respond to the needs of local residents. This is an important factor in considering whether to renew the RCMP service agreement.

Time, in this case, is on Alberta's side. The current RCMP service agreement does not expire until 2012. Under the agreement, a cost review is to be conducted in 2007. Though the Ontario Provincial Police and Quebec Provincial Police have been used as models for rudimentary comparisons, no truly in-depth analysis has yet been done to examine the feasibility of an Alberta provincial police service. Interestingly, many Alberta municipalities currently fall outside the Alberta-Canada police service agreement. These municipalities contract directly with the federal government for RCMP services. This additional complexity warrants more detailed further study.

The Committee recommends that the Government of Alberta commission a detailed study of policing alternatives to the RCMP in advance of the 2007 cost review. This analysis should include a careful examination of costs, efficiencies, and levels of service. Efforts should also be made to examine the reconciliation of provincial and federal regulations under which the RCMP currently operates. Should a business case be made for a separate police service, Alberta should make this point clearly known and understood in negotiations in order to obtain the best possible policing arrangements for Albertans.

In addition, the Committee feels that the concerns and satisfaction levels of municipalities, both urban and rural, are important factors in considering whether to renew the RCMP contract in 2012 and in negotiating cost reviews. **The Committee further recommends** that appropriate municipal stakeholders be consulted in the cost review negotiations in 2007, and that consideration be given to inclusion of such stakeholders on the Alberta negotiating team.

WHAT YOU SAID

The Royal Canadian Mounted Police should never be dropped in favour of a provincial police force. They are as much a part of Alberta and Canada as the Maple Leaf and the Wild Rose…The march west helped settle the plains before Alberta became a province. The Mounties remain a part of our living heritage!

- Participant from Calgary

The RCMP do a good job. The costs of switching to a provincial force would be horrendous because the RCMP are not about to turn over their facilities free of charge.

- Online Submission

They should be real solutions to real Alberta problems and not just ways to spite the federal government. For example, an Alberta police force may be part of a long-term solution to our challenges in funding municipal policing and if so should be seriously considered.

- Online Submission

SENATE

The feelings of alienation expressed by many Albertans relate to concerns over a lack of impact and influence in federal decision-making. Very often, the current structure of the Senate was used as an example of why many Albertans have a sense of frustration and alienation. Albertans believe Senate reform is long overdue.

In our federal system, the Senate, when originally conceived, was designed to be a chamber of sober second thought that would consider and protect regional interests. Representation of the regional nature of the country in the Senate was seen as an important counterbalance to the House of Commons where representation based on population is dominated by heavily-populated Ontario and Quebec. Albertans need only think of the gun registry and Kyoto Accord to appreciate the need for an effective Senate to protect regional interests. But the Senate fails to represent regional interests, largely due to its undemocratic appointment process.

The complement of today's Senate stands at 105 Senators. Of these, Alberta is allocated six Senators.

Province	Senators	Province	Senators
British Columbia	6	Nova Scotia	10
Alberta	6	New Brunswick	10
Saskatchewan	6	Prince Edward Island	4
Manitoba	6	Newfoundland	6
Ontario	24	Northwest Territories	1
Quebec	24	Yukon Territory	1
		Nunavut	1

WHAT YOU SAID

When you ask why should the Prime Minister name these people to represent a province most people agree they can see little wrong with letting the people of the province decide. They agree appointing political hacks is distasteful. How can it be called a democracy when one quarter of the federal government (the Senate) is appointed?

- Participant from Red Deer

An elected Senate would provide a much-needed check on the near absolute legislative and executive power currently exercised by the Cabinet and the Prime Minister. Making sure that power does not become too concentrated in the hands of a few people is a constant problem for all democracies, and Canada is no different in this regard.

- Participant from Calgary

Alberta has led the country on Senate Reform with two previous Senatorial elections. We must not let this issue die. The terms of our two Senators-in-waiting will be up this fall so we need to have another election and establish a new mandate…We need to keep the fires burning and challenge the Prime Minister to "walk the talk" on the democratic deficit.

- Participant from St. Albert

WHAT YOU SAID

Is it not somewhat hypocritical to demand Senate reform at the federal level when we don't even have a Senate here in Alberta? ... Alberta is a large province with diverse regions and demographics. A provincial Senate would address these differences.

- Participant from Onoway

Alberta should be mindful that Oregon stood alone against the U.S. government when it insisted on its State right to elect Senate members. Oregon was successful. Legitimate government power can never be found in unelected representatives of a people. One must have the consent of a people one claims to speak for. Without the free consent of an electorate one has no legitimate claim to representation.

- Participant from Edmonton

Alberta must move to ensure there is a balance in the legislature between rural and urban citizens. Alberta needs to create a second house (Senate) based on area distribution which will balance legislation created by representation.

- Submission from Sherwood Park

Canada is a collection of equal and interdependent provinces and territories. This is not reflected in the current composition of the Senate. Each province should be equally represented in its own right.

From Alberta's perspective, the unequal distribution of Senate seats does not fairly represent the federal character of Canada. Consequently, Alberta has been calling for Senate reform based on the "Triple E" model. This is a Senate that is equal, elected and effective. Alberta has always been a leader in pressing for such meaningful reform. An overwhelming number of Albertans appearing before the Committee told us they want Alberta to continue doing just that.

Currently, Senators are selected and appointed by the Prime Minister. But the Alberta government believes that Albertans should have a direct say in who their Parliamentary representatives are going to be. These representatives should be directly accountable to Albertans, not the Prime Minister. Alberta's approach to press for democratic reform, first advanced in 1989, has been to hold province-wide elections for Senate nominees. The elected nominees form a list of persons that Alberta presents to the federal government with the intent that the Prime Minister will appoint Senators who have the democratic support of Albertans. The practice has been symbolically and practically important, because it has shown that Alberta is prepared to "walk the talk" in its push for elected Senators who represent their regions.

The approach has proven successful in the past when, in June 1990, then Prime Minister Brian Mulroney appointed Stan Waters, an elected nominee, to fill an Alberta Senate vacancy. Stan Waters remains the first and only Senator in Canadian history to be appointed as a result of a popular election process. Other Prime Ministers, however, have not supported this democratic reform initiative. In 1998, in the midst of an Alberta Senate election campaign, then Prime Minister Jean Chrétien dismissed Alberta's process. By disregarding Alberta's Senatorial election and appointing his own individual, the Prime Minister showed a lack of respect for the

democratic preference of Albertans. This only served to sour federal-provincial relations.

Recent intergovernmental and political factors, however, have given new momentum to the issue of Senate reform. **The Committee recommends** that the Government of Alberta, through the Council of the Federation, encourage the Premiers to consider a process that would see the Prime Minister fill Senate vacancies from lists of provincial nominees. In Alberta's case, the list should be generated by a Senatorial election.

If the Council of Federation were to agree to such an appointment process, it would be a breakthrough in the longstanding push for reform and a good first step towards returning the Senate to its original purpose as an effective upper chamber that represents regional interests.

As a result of Senate nominee elections held in 2001, Alberta currently has two Senate nominees, sometimes called Alberta's "Senators-in-Waiting": Bert Brown and Ted Morton. Their terms as nominees expire on September 27, 2004. However, at the time of writing, Alberta now has three Senate vacancies. Depending on when the Prime Minister chooses to fill the Alberta Senate vacancies, Alberta may need to select up to three new Senate nominees.

The Committee further recommends that the Government of Alberta pursue all avenues, both constitutional and non-constitutional, to achieve a Triple E Senate. To this end, **the Committee also recommends** that the Government of Alberta continue the practice of holding Senate nominee elections. **Furthermore, the Committee recommends** that the Government of Alberta remain committed to achieving comprehensive constitutional reform of the Senate in the interests of the country.

WHAT YOU SAID

During the past 20 years four successive governments have destroyed themselves on the twin altars of greed for power and misuse of the taxpayers money. The only cure for that recurring disaster is a balance of power. The only available access to such power is the Senate. The only way to access it is through the ballot box. That requires repeated provincial elections for Senate seats...elections repeated until the federal government can no longer ignore them! The last step to real Senate reform can only occur when elections for Senators prove democracy is better than the bribery of patronage. Then Canadians can decide how equal provincial representation in the Senate should be with a constitutional amendment.

- Canadian Committee for a Triple E Senate

The most important first step to aid our position in Confederation is the reformation of the Senate. This cannot be achieved overnight but must be pursued forcefully and continually. Having further elections of "Senators-in-Waiting" would be useful step, until such time as a federal leader recognizes the reasonableness of such measures. Then eventually a constitutional conference must be convened to redistribute senatorial representation and to "put teeth" into the Senate's power.

- Submission from Lloydminster

HEALTH CARE

Recently, a great deal of discussion has arisen throughout the country over the issue of health care and the provinces' ability to deliver and pay for their health care systems. The challenges provincial health care systems face are rooted in both the ever-escalating costs that threaten the sustainability of the systems and in the structural difficulties surrounding funding of health care.

The structural difficulties surrounding health care funding are connected to shortcomings in the federal transfer payment system, which is discussed more broadly later in this report. The distribution of health care funding serves as an example of the problems with the federal transfer system.

Health care is, and always has been, a provincial responsibility under the ***Constitution Act, 1867***. When provincial governments agreed to create health care systems, it was understood these initiatives would be expensive to deliver and maintain. It was recognized that, due to high federal tax rates, the provinces had insufficient tax room to fund their health care systems on their own. To address this problem, the federal government agreed to share the costs of provincial health care systems by providing transfer payments to the provinces.

In 1984, the federal government enacted the ***Canada Health Act (CHA)***, which sets out conditions provincial health care systems must meet in order to receive federal transfer payments. This continues today. It is important to note the CHA is not a "***Health Act***" in the true sense of the phrase. It is a "***Spending Act.***" The formal title of the CHA is, in fact, "An Act relating to cash contributions by Canada and relating to criteria and conditions in respect of insured health services."[1] If the CHA were an Act respecting health care, it would be

WHAT YOU SAID

Nothing is more inane than the federal government taxing for Medicare purposes, and then attaching strings to grants to provincial governments for Medicare purposes, when Medicare properly lies in provincial jurisdiction... Taxes levied by the federal government for Medicare purposes should, instead, always have been tax points available only to provinces to spend as they wish....

- Participant from Edmonton

It is quite apparent that the federal government's commitment to our healthcare system is a sham. When the provincial governments signed onto our universal healthcare system back in the 1960s, it was done on the promise that costs would be split 50/50 between them and the federal government. Sadly, the federal government has managed to cut funding for healthcare so severely that, in some cases, provinces are left holding the bag for up to 80% of healthcare costs. This is not acceptable.

- Participant from Fort McMurray

I find it offensive in the extreme that the federal government can...penalize Alberta for setting up various health care regimes. Health care, as everyone knows, is strictly a provincial area of jurisdiction and I see absolutely no good coming from the federal intrusion into this area.

- Submission from Calgary

[1] *Canada Health Act*, R.S.C. 1985, c. C-6.

WHAT YOU SAID

It seems clear that even the most recalcitrant Premiers have accepted the fact that the health care system is not sustainable. Alberta must act and show some leadership...but we cannot sit back and wait for united action – we must move forward and if it means breaking away from the federal stranglehold on innovation, so be it. We need to act now!

- Participant from St. Albert

On the issue of health care, it takes a river of money to keep the Canada Health Act going. I believe that Alberta is quite capable of designing a provincial health system that reflects provincial priorities and attitudes, as well as staying within the true meaning and principles of the Canada Health Act. It does not have to be a government-managed monopoly. It is evident that the country cannot afford a government-managed monopoly over health care.

- Submission from Brooks

When the Government of Alberta contemplates or carries out a violation of the Canada Health Act, Albertans expect the Government of Canada to issue a warning or enforce a sanction. Alberta must also live up to its responsibilities in Canada's historic national health care partnership.

- Friends of Medicare

unconstitutional, since health care falls exclusively within provincial jurisdiction under the terms of the Constitution.

While proponents of the ***Canada Health Act*** cite it as the defining law for health care in Canada, it does not spell out how health care is to be delivered or managed on a day-to-day basis. The CHA outlines five principles that should guide provincial health care systems: public administration, comprehensiveness, universality, portability and accessibility. Alberta supports these principles and has committed to them within its ***Health Care Protection Act***.[2] The federal government uses the CHA to withhold federal transfer payments when, in its unilateral opinion, any of the five principles have been violated. This unilateral action results in intergovernmental tension and stifles innovation and creativity within provincial health care systems. In instances where such action impedes the improvement of provincial health care systems, Alberta should challenge the federal government's unilateral interpretation of the CHA.

Though the interest of providing Canadians with accessible health care is shared equally between the federal and provincial governments, the costs of doing so are not. Provinces pay for more than 80% of health care costs. The federal government pays less than 20% and yet, through the CHA, it exerts a disproportionately high degree of control over provinces' health care systems. The Committee recognizes this fiscal imbalance must be addressed.

Adding to this fiscal imbalance problem is a new challenge faced by the provinces: their health care systems are increasingly unsustainable. A recent Conference Board of Canada report[3] found health care expenditures are projected to reach 44% of total provincial revenues by 2020. Many provinces are close to spending 50% of their budgets on health care alone.[4] Today's health care expenditures are

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[2] *Health Care Protection Act*, RSA 2000, c. H-1.

[3] *Understanding Health Care Cost Drivers and Escalators*. Conference Board of Canada, March 2004.

[4] In Alberta's 2004-2005 Budget, health accounts for 37.1% of total budget expenditures. The financial positions of other provinces are far more dramatic. In Ontario's 2004-2005 Budget, for example, Ontario will spend $30.3 billion on health care, comprising 45% of all program expenditures. The proportion of spending on health in Nova Scotia's 2004-2005 Budget is 46%.

already driving many provinces into further deficit spending and in virtually all provincial budgets – including Alberta's – health care expenditures impact other important public policy priorities such as education, infrastructure and seniors.

Simply put, health care costs are rising faster than government revenues. The cost increases are due to a combination of uncontrollable cost drivers such as inflation, population growth and ageing, and cost escalators such as new technologies, drug costs and human resources.

Finding ways to control these cost increases, and developing new modern models that address the way health care systems are funded, will be essential if provinces and territories want to preserve and enhance their health care systems and ensure their long-term survival. In February 2004, in a letter to the Prime Minister, all 13 provincial and territorial Premiers collectively indicated, "without real reform and renewal and an affordable foundation, health care as we know it will not survive the decade."[5] Innovation will be key to finding solutions.

Innovation under the present funding model could prove difficult, depending on the federal government's response to provincial efforts to renew their health care systems. Provincial innovations will be tailored to respond to local and regional needs. All governments will need to respond to the realities of renewing their health care systems to ensure their long-term sustainability.

WHAT YOU SAID

Pursuing real health care reforms, even if it means Alberta opt out of the Canada Health Act (CHA), would also benefit the whole country. By opting out, Alberta could demonstrate that the problems of long waiting lists and spiralling health care costs can be controlled without compromising the universality, accessibility, portability or comprehensiveness that Canadians value... Alberta's initiative would spur the federal government to actually move (not just study, consult, regulate, and report!) on real health care reforms, reforms in which...energy, efficiency and creativity...could finally be used to fix the Canadian health care system.

- Participant from Calgary

For a relatively small contribution, especially with respect to Alberta, the federal government makes the rules and punishes the provinces which in its opinion are off-side. The responsibility for health care remains with the province but it has to tread lightly in instituting innovative changes that are intended to deliver services more efficiently. Despite these restrictions the province has established a health care system that is among the best in the country.

- Submission from Edmonton

[5] Letter from the Honourable Pat Binns, Premier of Prince Edward Island to Prime Minister Paul Martin on behalf of the Council of the Federation; February 24, 2004.

WHAT YOU SAID

Health care is an exclusive provincial jurisdiction, which means to me that the federal government should get out of the delivery of this service completely. Yet the federal government under the guise of the transfer of funds has passed the Canada Health Act, which has negatively affected the quality of care in the provinces.

- Participant from Medicine Hat

Not only is the population aging and therefore requiring more medical care, but technology and drug costs have skyrocketed. It simply costs more to maintain a health system than it used to and the funding formula needs to be changed so the provinces have more money to work with.

- Submission from Calgary

Alberta needs to embrace fully the five basic principles upon which Medicare was built: accessibility, universality, portability, comprehensiveness and public administration.

- Submission from Red Deer

It is thus incumbent on the Government of Alberta, **the Committee recommends**, to press ahead in renewing Alberta's health care system to ensure its sustainability in the long term, and to share its innovative solutions and best practices with the rest of Canada. This is not only in the best interests of Albertans, but also in the broader interests of all Canadians and their provincial and territorial governments. Alberta is already a leading province in delivering health care, having pioneered such initiatives as Electronic Health Records[6], an online Waitlist Registry[7], and a recent primary care agreement with Alberta's physicians. Alberta can again lead the way by having the courage to embrace renewal by finding the solutions needed to put provincial health care systems on a sound financial footing.

[6] Visit www.albertawellnet.org to learn more about Alberta's Electronic Health Record program.
[7] Visit www.health.gov.ab.ca/waitlist/ to explore the Alberta Waitlist Registry.

GUN REGISTRY

If there is one current federal program that raises the ire of many Albertans, it is the federal gun registry. Though participants expressed support for the goals of saving lives and promoting public safety, the Committee heard Albertans do not see the gun registry as an effective tool to support those objectives. The distinction here is important. Albertans support gun control. They do not support the gun registry. Most Albertans were satisfied and compliant with the gun control laws that existed prior to the establishment of the gun registry and they saw these laws as effective and reasonable. The gun registry, by contrast, is viewed by most Albertans as a waste of tax dollars that does little or nothing to fight crime or protect the public.

Albertans regard the gun registry as a device that turns innocent, law-abiding gun owners into criminals merely for failing to register their firearms. Those who use guns for criminal purposes – the real targets of the gun registry – aren't inclined to license their firearms in the first place, let alone register them. Many Albertans also view the gun registry as an affront to their "property and civil rights" which Albertans guard fervently and which are firmly entrenched as a provincial jurisdiction in the ***Constitution Act, 1867***, and protected under the ***Alberta Bill of Rights***.[1]

As some Albertans keenly observed, the gun registry serves as another example of the federal government imposing a "one-size-fits-all" program across a highly-diverse country when, due to differences in social demographics and culture, there are huge variations between the provinces in how property rights and public protection are viewed and managed. The gun registry might be a popular and desirable thing in vote-rich southern Ontario, which is highly urbanized, but in rural Alberta, it is neither popular, nor necessary, nor desired. While the program may be popular on the streets of downtown Toronto, it does not work on the farms around Wainwright

WHAT YOU SAID

Alberta should have a strong say in modifying the gun control registration, but in the end it is Alberta's responsibility to the country to honor this legislation provided that it is presented in a form that addresses our past concerns.

- Participant from Grande Prairie

(The) gun registry is ineffective, bureaucratic and so costly that even if a few criminals are in fact denied gun ownership; hardly seems worth taxpayer's money. If crime is the real issue that's where the money should go – not hassling taxpayers.

- Participant from Grande Prairie

There has never – ever – been any relationship established between the number of firearms available in a community and the risk of accident, violence, or criminal behaviour in that community. The contrast between Toronto and rural Alberta is astounding in violence where firearms are used… Firearm regulations should be set by the province and local municipalities – not the federal government. Regulation of property, and firearms property, is a provincial matter as set down by the BNA Act.

- Participant from Peace River

[1] *Alberta Bill of Rights*, RSA 2000, c. A-14

WHAT YOU SAID

Alberta should refuse to enforce any federal statute, which infringes on areas of provincial responsibility as granted by the Constitution. They are Ottawa's laws; let Ottawa enforce them.

- Participant from Devon

The federal firearms legislation treats firearm owners as potential criminals, will treat them as criminals if they do not register themselves and their guns, and treats them as parolees if they do.

- Responsible Firearms Owners of Alberta (Wainwright)

I'm a fourth generation farmer that's going bankrupt...I'm considered a criminal because of the gun registry. I belong to the school board. I'm President of an Agriculture Society. I've tried to be someone who's respected in the community. I want people to remember me as a good man. But we have people in Ottawa who want to keep telling us what to do with our lives.

- Participant from Wainwright

or St. Paul where firearms are necessary tools for rural residents. This approach to national policy-making frustrates Albertans and feeds federal-provincial acrimony. To this day, the Government of Alberta remains opposed to the gun registry because it is unnecessary and a waste of money that does not contribute to safe communities. Like a number of other provinces, Alberta has taken the position that it will not prosecute firearms owners whose only offence is a failure to comply with the registry.

Alberta fought the ***Firearms Act***,[2] which established the gun registry, in both the Alberta Court of Appeal and the Supreme Court of Canada. Regrettably, a majority in both courts held that the ***Firearms Act*** was validly enacted by the federal government as criminal law, and was not a matter of property rights. The Committee heard support from Albertans who appreciated that the Alberta government stood up for their property rights and stood up for maintaining provincial jurisdiction over them. They encouraged Alberta to continue this practice.

The Committee recommends that the Government of Alberta maintain its position with respect to the gun registry and continue to push the federal government to dismantle the registry. **The Committee further recommends** that the Government of Alberta remain alert for cases before the courts involving the gun registry and gun registry offences and intervene in those cases, where it appears reasonable to do so; that may further the goal of abrogating the gun registry.[3]

On a broader note, the Committee noted a strong sentiment in Albertans with regard to legal challenges that relate to protecting areas of provincial jurisdiction. Albertans expect their provincial government to stand up in those instances where the Alberta government's jurisdiction is threatened or encroached upon by the federal government.

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[2] *Firearms Act*, S.C. 1995, c. 39.

[3] The Committee notes that the MLA Firearms Committee has been established to further examine Alberta's response to the gun registry.

THE CANADIAN WHEAT BOARD

The Committee heard overwhelmingly from participants, particularly Alberta wheat and barley farmers, that the monopoly of the Canadian Wheat Board (CWB)[1] over Alberta wheat and barley producers is no longer acceptable. Most Alberta farmers want market choice.[2]

It is important to note that Albertans told the Committee they do not want the CWB collapsed or dismantled. The majority of Alberta wheat and barley growers simply want the freedom to market their wheat and barley to whomever they choose, including the CWB. This is a freedom already enjoyed by wheat and barley growers in Ontario, Quebec, the Atlantic Provinces and most of British Columbia, which are excluded from the CWB. These Albertans told us that they want the same treatment, and they provided compelling reasons for their request.

Albertans embrace the free market and a spirit of entrepreneurship, and the CWB monopoly runs counter to both of these. Alberta growers of wheat and barley wish to have the freedoms of normal business people. They want the freedom to sell their products to whomever they choose at whatever price they can negotiate. With modern methods of communication and marketing at their disposal, these farmers told us, they can realize better prices on their products than the CWB currently provides.

WHAT YOU SAID

The Canadian Wheat Board must become a voluntary organization, in order to survive. If it doesn't survive it can't serve farmers, plain and simple. I'm confident that the CWB can and will do just fine in an open market environment, but only when forced to do so!

- Participant from Red Deer

We want the same marketing system that the Ontario farmers are now enjoying! We are counting on this province to lead the way to a successful and prompt exit of single desk selling for 10 years in Alberta by implementing your test open market for wheat and barley. Remember, think open market! Seventy-one per cent of all farmers in this province support you on this much needed and urgent agenda!

- Participant from Red Deer

Programs that are in place, such as the Wheat Board, which control the grain situation in Western Canada but not in Eastern Canada, are discriminatory and must apply equally across the nation or be scrapped.

- Online Submission

[1] Established pursuant to the *Canadian Wheat Board Act*, R.S.C. 1985, c. C-24.

[2] An Ipsos-Reid poll conducted in September and October 2003 shows 68% of Alberta growers want the option to sell barley to anyone, including the Canadian Wheat Board, and 64% of Alberta growers want the same option for wheat. Only a quarter of growers surveyed support single-desk selling for barley and wheat.

WHAT YOU SAID

The Government of Alberta is encouraged to work with the governments in the other prairie provinces which are under the control of the CWB marketing monopoly and the Government of Canada. The goal is to remove the federal CWB monopoly legislation that stands in the way of this timely and extremely important issue for Western Canadian economic development.
- Participant from Red Deer

We feel that it is imperative that western Canadian producers of wheat and barley be given a choice in marketing their crops.
- Calgary Chamber of Commerce

As a barley grower, I cannot understand why Prairie farmers do not have the same marketing choices as farmers in other areas. The CWB practically ignores this crop, but will not relinquish their marketing power over malt barley and the export market. This must change now! The vast majority of Alberta barley growers favour this change, and you are aware of this by your own surveys.
- Online Submission

Another compelling argument against the CWB monopoly is that it inhibits value-added growth of the agriculture products industry. At present, if an Alberta wheat or barley farmer wishes to develop a value-added business, such as a bread or pasta plant, the farmer cannot simply direct his crops straight into such a business. Instead, the farmer is compelled to sell all crops to the CWB and buy them back at a prescribed rate. This negatively impacts the economics of creating such value-added businesses and inhibits their development. Value-added growth is crucial for the future of Alberta's economy and the agriculture sector in particular. Remaining under the CWB jeopardizes Alberta's value-added growth strategy.

Alberta farmers appearing before the Committee also cited stories of what they felt was CWB mismanagement leading to poor prices and deficit accounts. They also expressed a degree of dissatisfaction with the structure of the CWB's Board of Directors. Producers only have the right to elect 10 of the 15 directors. The other five directors are appointed by the federal government.

The strongest opposition to the CWB was rooted in what Alberta farmers perceive as its unfairness and discriminatory treatment of farmers. The CWB is in force in Alberta, Saskatchewan, Manitoba, and the Peace Country area of British Columbia. In all other parts of the country, where wheat and barley are also grown, the CWB has no monopoly. Farmers in these other areas are not compelled to sell their grain to the CWB and are not compelled to go through the CWB single-desk pricing system. They can choose to seek their own non-CWB markets and buyers. In the Committee's view, this is unfair and arbitrary.

Supporters of the CWB defend this difference in treatment on the grounds that lands covered by the CWB grow the most wheat and barley, and that creating a monopoly over these areas is necessary to achieve the best price for all farmers. But Alberta farmers clearly reject this argument, based on both the CWB's uncertain track record and on their first-hand knowledge of the higher prices they could be obtaining if they had market choice.

The Committee believes that, for the Alberta wheat and barley growers frustrated with the CWB, the heart of the matter is a lack of freedom of choice. Freedom of choice is important to Albertans. Action on two core elements of choice would largely end the frustrations of Alberta wheat and barley producers.

The first important element of choice is the freedom to choose those who govern the CWB. If the CWB is intended to act in the best interests of wheat and barley producers, then all producers, from all provinces subject to the CWB should have the right to elect all 15 of the CWB's directors. There is no compelling reason for the federal government to appoint one-third of the directors.

The second important element of choice is the freedom to choose markets and buyers. The Government of Alberta has already been working to improve freedom of market choice for Alberta wheat and barley farmers. The ***Alberta Wheat and Barley Test Market Act***,[3] passed by the Alberta Legislature, authorizes the government to enter into negotiations with the federal government and/or the CWB to establish an "open test market."[4] The establishment of this test market would allow Alberta farmers the freedom to market and sell their wheat and barley to anyone, including the CWB if they so choose, just as farmers in Ontario and Quebec currently do.

WHAT YOU SAID

The biggest economic benefit would be to remove the monopoly for area farmers from the Canadian Wheat Board. There have been years of discussion and farmer votes and clearly almost three quarters of the farmers want the freedom to market the grain that they produce. Alberta farmers have gone to jail trying to export their products that farmers in the east have the right to do. This really creates alienation when laws are not the same across the country.

- Participant from Milk River

Alberta wheat and barley producers should have the same rights as Ontario and Quebec producers to choose their own buyers. My father, who is a farmer in Quebec, says it is unfair to Alberta farmers who cannot sell their harvest to any buyers because of that bureaucratic policy.

- Submission from Edmonton

[3] *Alberta Wheat and Barley Test Market Act*, S.A. 2002, c. A-37.5.
[4] Visit www.choicematters.gov.ab.ca to learn more about the Alberta initiative to establish an open test market.

WHAT YOU SAID

I cannot understand why we would not want a unified marketing board to gain the best prices for the farmers…There may exist short-term abilities to cherry pick better prices, but in the long term, a monopoly will always obtain the better price.

- Participant from Edmonton

This board is evolving into a farmer managed marketing co-op. The board are elected by wheat growers. If the farmers of this province do not want to sell their crop this way, then they should stand for election to the board and change it from within.

- Online Submission

Albertans endorse this initiative, and told us they want the government to continue pursuing the test market. They also expressed skepticism over whether negotiations with the federal government and CWB will be successful given their longstanding positions. Albertans want out from under the monopoly as soon as possible. One effort the Government of Alberta may wish to explore is to seek support from British Columbia, with which Alberta has a Protocol of Cooperation. Wheat and barley farmers in B.C.'s Peace Country, which is covered by the CWB, might be amenable to the test market if it can be shown they would benefit as well. British Columbia's support could be helpful in negotiations with the federal government.

The demands from Alberta wheat and barley farmers for equal treatment, for the freedom to choose those who govern them, and for the freedom to sell their products as they choose are consistent with the free market climate and entrepreneurial spirit to which the Government of Alberta is committed.

The Committee recommends that the Government of Alberta continue to pursue efforts to establish the open test market for Alberta wheat and barley. **The Committee further recommends** that the Government of Alberta urge the federal government to amend the Canadian Wheat Board governance structure to give producers the right to elect all 15 Canadian Wheat Board directors.

EMPLOYMENT INSURANCE

A number of Albertans expressed concerns about the federal government's handling of the Employment Insurance (EI) program. The Committee heard clearly that Albertans place great value on employment insurance and on social programs that provide parental leave benefits and worker retraining. The concerns expressed related to the reach of the EI system into areas of provincial responsibility, and the federal government's questionable management of the EI program.

Section 91(2A) of the ***Constitution Act, 1867***, gives the federal government exclusive jurisdiction in the area of unemployment insurance. This authority was conveyed on the federal government by agreement of all the provinces in 1940. EI was intended to be an insurance regime against loss of income resulting from loss of employment. Since that time, however, the program has expanded in scope, now reaching into benefits for expectant mothers, leave benefits for new parents, and other areas of training and social programming that fall within exclusive provincial jurisdiction.

At the same time, the federal government has collected excessive amounts in EI premiums while tightening the restrictions of who qualifies for EI benefits such that a tremendous surplus has been built up in the federal Employment Insurance Account. Having a surplus is desirable for a program such as EI, since the demands on the program tend to swing with the economy. But the size of the surplus is so large that the federal Auditor General has commented on its impropriety. In November 2003, the Auditor General noted that the surplus, now estimated at $44 billion and still growing, was nearly triple the amount considered sufficient by the Chief Actuary of

WHAT YOU SAID

During WWII, it was necessary that the federal government assume certain powers for carrying out our wartime duties. Included were such items as rationing, prices and wages control, the Wartime Prices and Trade Board, setting up organizations for the assembly and shipping of wheats and meats, etc. to Great Britain. Mackenzie King was the Prime Minister and the Liberal Party were in power. They were swayed by the use of these powers, and so began the death of Confederation as we knew it. (The federal government) convinced the provinces on a compulsory Unemployment Insurance Plan, financed equally by employees, employers and Ottawa. The provinces were all sucked in by the thought that the burden of unemployment (remember the Dirty Thirties) would no longer be assumed by the provinces. Eventually, the rates settled at employees 1.0, employers 1.4, Ottawa nil.

- Participant from Lethbridge

I believe the Alberta government should introduce an Alberta Unemployment Insurance Plan… One has only to look at the Government of Canada's program to see a major disaster. High premiums…A program that is used as a tax grab.

- Submission from Edmonton

The report of the Auditor General on the financial statements of the Employment Insurance Account for the year ended 31 March 1999 drew attention to the fact that the surplus of the Account had grown during the year by $7.3 billion, to $21 billion… The reason for drawing attention to this matter is that the size of the surplus and its rate of growth raise questions about the factors that the Canada Employment Insurance Commission relies upon in setting premium rates and determining the level of reserves it considers necessary for purposes of the Employment Insurance Act…The Employment Insurance Act enjoins the Canada Employment Insurance Commission to set premium rates at levels that will cover program costs while remaining relatively stable over a business cycle. The current surplus in the EI Account significantly exceeds the amount the HRDC Chief Actuary considers sufficient to keep premiums stable over time, at a level that will meet authorized program costs.

– Report of the Auditor General of Canada, November 1999

Human Resources Development Canada, even when allowing for an economic downturn.[1] The Auditor General also has concerns about the level of EI premiums, concluding the intent of the ***Employment Insurance Act***[2] – that the EI program be run on a break-even basis – has not been observed by the federal government when setting EI premium rates.

Premiums for programs like EI should be set at levels that merely defray the costs of the program for which they are collected.[3] Since the federal government is collecting far more money in EI premiums than is required, EI premiums now amount to a payroll tax. This is significant, since section 125 of the ***Constitution Act, 1867*** states that one order of government may not tax another.

Albertans are questioning the size of the accumulated EI surplus. Many point to the surplus as evidence that federal EI premiums are too high and that the program is not run properly, echoing the sentiments of the federal Auditor General.

These factors demonstrate that the EI program has become too expansive and has moved beyond its original intent. As a result, the EI program has come under legal fire.

Quebec recently challenged those parts of the EI program related to pregnancy and parental benefits, arguing that these areas were provincial jurisdiction and beyond the scope of federal power. The Quebec Court of Appeal agreed. It said that when provinces agreed to give authority over unemployment insurance to the federal government, it was with the intent of conferring limited power over unemployment insurance in the strict sense of the term. The decision effectively says that the EI program's movement into other "social welfare" areas is unconstitutional.

[1] Report of the Auditor General of Canada, November 2003.

[2] *Employment Insurance Act*, S.C. 1996, c. 23.

[3] EI premiums are supposed to be set at levels that sustain the EI program on a break-even basis.

The federal government is appealing the decision to the Supreme Court of Canada. If upheld, the decision will return the EI program to its original intention: insurance against loss of income due to loss of employment. When combined with the renewed concerns from the Auditor General about the level of EI premiums, such a ruling would also likely set in motion the adjustments needed to end the tremendous surpluses and to lower EI premiums.

If upheld by the Supreme Court of Canada, the decision would also reinforce the fact that social welfare programs are the exclusive jurisdiction of provincial governments. This would be advantageous for all provinces, especially Alberta, since it would give each province the flexibility to address its own unique demographic requirements.

It is important to point out that the Committee recognizes that social welfare programs are valuable and meet important social needs. The Committee is not opposed to the existence or intent of such programs. The concern here is that the federal government is not the appropriate order of government to oversee these programs.

The Committee feels that in cases such as this, where federal government programs are broadened beyond its constitutional authority and intrude into provincial jurisdiction, it is the responsibility of Alberta to help lead in safeguarding provinces' constitutional authority.

The Committee recommends that the Government of Alberta intervene in cases that involve questions relating to protection of provincial constitutional authority, such as the Quebec employment insurance reference case.

We have drawn Parliament's attention to our concerns about the size and the growth of the accumulated surplus in the Employment Insurance Account since our 1999 Report…The surplus in the Employment Insurance Account grew by $3 billion in the last fiscal year to reach $44 billion, and it is still growing…For the last four years we have drawn attention to this issue in our reports on the Employment Insurance Account's financial statements and in the Public Accounts of Canada… In view of the growing size of the accumulated surplus, which is now three times larger than the maximum amount required according to the Chief Actuary of Human Resources Development Canada, we urge the government to take all the necessary steps to resolve this long-standing issue.

- Report of the Auditor General of Canada, November 2003

KYOTO PROTOCOL

Throughout the public consultation process the committee consistently heard from Albertans frustrated with the process used by the federal government to ratify and implement the *Kyoto Protocol*. Albertans cited the lack of consultation prior to ratification, a lack of intergovernmental cooperation on the issue, and the lack of an explicit strategy to implement the agreement, as evidence that the federal government has not taken the right approach on the issue of climate change. It is important to note that Albertans expressed solid support for governments working to preserve Canada's environment and natural resources for future generations. Albertans expect us to assume our responsibilities in reducing greenhouse gas emissions. In comments made to the Committee, the process used to achieve these goals proved to be Albertans' area of deepest concern. In many ways, the process surrounding Canada's agreement to the Kyoto Protocol is a perfect example of what drives western feelings of alienation.

As participants told us, Albertans expect the Government of Alberta to show leadership on the issue of climate change. Based on what we heard from Albertans, **the Committee recommends** a two-pronged approach: one, continue to develop innovative ways to strike the right balance between current economic growth and long term environmental sustainability; and two, engage with the federal government to ensure that Alberta's environmental and economic priorities are respected within the federal decision making process. Alberta is already leading the way in implementing a realistic and effective plan for taking action on climate change.[1] The Government of Alberta is uniquely able to assess the current and future needs of Albertans and, as such, must do its utmost to communicate with the federal government on behalf of Albertans.

WHAT YOU SAID

Eight of the 10 provinces had doubts about the government plan, however it was bulldozed ahead anyways. As a result, the federal government will get little cooperation in this area. Yes, the provinces want to deal with clean air, water and soil but not by an international, top-down decree.

- Participant from Red Deer

The cost and consequences of this international agreement, which the federal government approved without properly considering the concerns expressed by the provinces, will cost billions to Canadians without assuring improvements to the environment.

- Participant from Medicine Hat

While the federal government debates the details of ratification, Alberta has come up with an action plan that seems significantly more plausible for us to implement…Ratification of the Kyoto Accord in Canada would only hurt Alberta's economy, and the federal government needs to find a better way to cut down on greenhouse gas emissions, even if it means provincial governments formulating their own plans tailored to their economies, rather than a cookie-cutter solution that will ultimately hurt provinces like Alberta.

- Submission from Grande Prairie

[1] Visit www3.gov.ab.ca/env/climate/ for more information on Alberta's efforts to reduce greenhouse gases and take action on climate change.

WHAT YOU SAID

The Edmonton Chamber of Commerce expects the Government of Alberta to play a lead role in ensuring that a collaborative and inclusive approach is used in dealing with this important issue.

- Edmonton Chamber of Commerce

I have been very concerned about the possible implementation of the Kyoto Protocol because I do not believe that it could possibly be regionally fair, particularly to Alberta…We do not need another National Energy Program-style regional wealth transfer.

- Submission from Edmonton

The issue of the Kyoto Protocol will be devastating to the country as a whole, especially Alberta. What Alberta needs to do to change this is to become more proactive and not reactive.

- Online Submission

The Kyoto Protocol is a good example of an instance where provinces should have meaningful input and provincial interests should be respected by the federal government. One of the ways Alberta and the other provinces can better ensure their interests are respected is to seek a formal provincial role in the negotiation of international agreements. This would give provinces the ability to provide their regional perspectives and bring attention to their social and economic priorities in the context of the national agenda.

The Committee further recommends that the Government of Alberta, with the other provinces, seek an agreement with the federal government to provide a framework for provincial participation in international agreements in areas of provincial jurisdiction or where provincial interests stand to be impacted.

FEDERAL TRANSFER PAYMENTS

As noted in our comments about health care, another concern raised by Albertans was the federal transfer payment system.

Federal transfer payments were designed as a way of getting around what is known as the "fiscal imbalance." The fiscal imbalance is simply this: the federal government collects far more revenue than it requires for its constitutional responsibilities, while the provinces do not have enough revenue to fulfill their constitutional responsibilities. A recent study by the Conference Board of Canada[1] concluded that, given current policies, the federal government will enjoy large and growing surpluses, while provinces and territories, in the aggregate, will face persistent deficits. Without a rebalancing of resources and responsibilities, provinces and territories will continue to face the prospect of running deficits, increasing taxes and/or decreasing spending in order to meet growing spending pressures.[2]

The fiscal imbalance was created when provinces vacated the field of income tax during the Second World War to enable the federal government to collect vast revenues for the war effort. Following the war, Canada saw the creation of programs such as health care and social assistance. While these programs were recognized as areas of provincial responsibilities, the provinces had no ability to pay for them. Though the provinces had re-entered the field of taxation after the war, they had very little tax room due the federal government's large presence in the field. Tax room is, essentially, the realistic amount Canadians are prepared to pay in taxes without revolt.

WHAT YOU SAID

The federal government should quit bribing us with our own money and dictating "one size fits all" policies in matters that are not within its mandate. They should just give the money back to the provinces (or not take it in the first place) to allow provinces to fulfill their responsibilities based on the needs of their citizens.

- Participant from St. Albert

Most of the issues Albertans face is not with the other partners in Confederation, but with how the federal government uses, manages, and distributes revenue from all the provinces and territories.

- Participant from Wainwright

The federal government would be taxed handling just its responsibilities, assuming it ever did handle its responsibilities, without messing in urban life. Urban affairs are the key role that provincial governments ought to be filling, but have not fulfilled mostly because the federal government has gobbled up 10 times more tax room than our constitution warrants.

- Submission from Edmonton

[1] *Fiscal Prospects for the Federal and Provincial/Territorial Governments*. Conference Board of Canada, February 2004.

[2] Interestingly, municipalities make a similar argument to the provincial government, as discussed later in this report.

WHAT YOU SAID

The current fiscal environment, with consistent federal surpluses and fiscal challenges in several provinces, creates incentives for unilateral federal intrusions into areas of provincial responsibility.
- Participant from Lethbridge

Fiscal disparities among provinces – and between the federal and provincial governments – have often made it attractive for provincial governments to expand public services on the basis of increased federal transfers – but often at the cost of inviting federal intervention and micro-management of provincial policies.
- Participant from Lethbridge

Alberta must set the course to have more control of our destiny within Confederation, so we can deal with the federal government from a position of strength, not hat in hand pleading to get a pittance of our hard earned transfers back.
- Submission from Lethbridge

As a solution, the federal government agreed to share the costs of social programs by transferring cash to the provinces. Transfer payments were thus designed as a way of getting around the "fiscal imbalance." Today these transfer payments flow to provinces and territories in the form of the Canada Health Transfer (CHT), the Canada Social Transfer (CST) and the Health Reform Transfer (HRT).

One would expect the straightforward transfer payment system to work relatively well, but the use of transfer payments has created some fundamental problems in Canada's governance.

First, most provincial budgets are too dependent on federal transfer payments for their economic survival. This was made clear when, during the 1990s, the federal government balanced its budget by cutting transfer payments to the provinces, which caused all provinces to make drastic cuts of their own in their provincial budgets and to reduce services.

Second, differing views on what transfer payments represent create intergovernmental friction. Provinces tend to see the payments in their historic way – as a system that was developed to get around a fiscal imbalance. The federal government, however, increasingly takes the view that transfer payments are federal money that should be spent on federal priorities. This has led the federal government to attach conditions to transfer payments, which have the effect of forcing provinces to make expenditures according to the federal government's priorities, even if the expenditures do not address regional interests.[3]

[3] For example, federal transfer payments to a province can be withheld or reduced if, in the federal government's opinion, that province's health care system runs contrary to any of the five principles stated in the federal *Canada Health Act*.

In a federal system such as Canada, each order of government should have the ability to raise enough revenue on its own to meet its obligations under its areas of constitutional responsibility. One order of government should not unilaterally dictate the expenditure priorities of another.

Resolving the fiscal imbalance, which lies at the heart of many federal-provincial relations conflicts, would end the wrangling over transfer payments. The federal government continues to collect far more money than it needs to fulfill its constitutional responsibilities, while the provinces, faced with far more expensive programs such as health care, social services and education, have very little tax room. This must be rectified.

In 1977, the federal government agreed to make some tax room available to the provinces by transferring tax points. This was a neutral measure that did not affect Canadians' overall tax rates, but reduced the federal government's tax take and increased the amount of revenue available to provincial governments by an equal amount. But these tax-point transfers did not go far enough, and the fiscal imbalance has never been resolved.

In the most recent federal budget, for example, the total amount of Canada Health Transfer, Canada Social Transfer and Health Reform Transfer payments to the provinces for 2004-2005 is estimated at $24 billion. This is $24 billion that the federal government collects from taxpayers yet does not need for its own legislative responsibilities.

This takes up valuable tax room that the provinces could use to fund their own constitutional responsibilities. If this tax room were given to the provinces and territories, they would have the freedom and flexibility to raise the revenue they need to manage their own legislative responsibilities. This would reduce governmental wrangling on matters such as health care funding.

WHAT YOU SAID

It is interesting to note that the main source of these revenues is not really the federal government but the Canadian taxpayers. What is needed is a rationalization of our tax system. The two levels of government should have the appropriate taxing power in order to manage their responsibilities. It is completely unacceptable to me that provinces in 2004 in the 21st century have to receive handouts and/or beg the federal government for monies, monies which were collected from the provinces. This arrangement is not federalism, but centralism of the worst kind.

- Participant from Medicine Hat

A common thread for the intrusion of the federal government in areas of provincial jurisdiction has been the transfer of monies from Ottawa, a welfare arrangement which has enabled the federal government to dictate to the provinces. This approach has more to do with maintaining power than it has with implementing appropriate policies.

- Submission from Medicine Hat

WHAT YOU SAID

The agreement of cash transfers between the federal government and the provinces has seen Alberta's cost share increase while the federal government cash contribution decrease. This arrangement needs to be revisited to reflect a more equitable and fair arrangement between Alberta and the federal government. It is felt that the federal government's dictatorial and arbitrary nature of administering the Canada Health and Social Transfer program and other transfer programs is the root of many grievances.

- Participant from Edmonton

Does the province like to beg for a base share of health funding from the federal government every year or two? We think not. Would a better answer be that each province could collect adequate tax revenue from within its taxation authority to fund health care?...The federal government could unconditionally transfer funds to those less wealthy provinces to ensure comparable health services are available to all Canadians.

- Submission from Hinton

We must refuse to be bribed and coerced into ever more expensive federal schemes in provincial areas of jurisdiction that turn into embarrassing national boondoggles.

- Submission from Didsbury

In the past, there has been skepticism about the federal government's willingness to replace CHT, CST and HRT transfer payments with a transfer of tax room, since it would eliminate the federal government's ability to control the way provinces manage their constitutional areas of responsibility. But with a new spirit of federal-provincial cooperation, and with studies repeatedly indicating that citizens are tired of federal-provincial wrangling, the Committee believes the time is right to raise this issue on the national agenda. Fully transferring tax room to the provinces and territories would respect the Constitution, adhere to the principles of federalism, and decrease intergovernmental disagreements.

The Committee recommends that the Government of Alberta, through the Council of the Federation, urge the federal government to end Canada Health Transfer, Canada Social Transfer and Health Reform Transfer payments in favour of transferring corresponding tax room to the provinces in order to allow provinces to appropriately fund programs within their constitutional responsibility.

INTERGOVERNMENTAL RELATIONS

As with any federal system, the relationships between governments must be cultivated to produce efficient and effective governance for citizens. Though each government has its own responsibilities, the evolution of Canada has produced an understanding among governments that cooperation and collaboration are often desirable. While the relationships could always be improved, there is recognition that each government plays a vital function in Canadian democracy. Alberta's relationships with the federal government, other provincial governments, and our own municipal governments are the keys to fostering the changes needed to position Alberta favourably in Confederation.

Relations With Municipalities

The Committee was pleased to receive input from a number of municipal representatives during the public consultation process. The submissions from municipalities offered a challenging picture of the current issues facing municipal governments in Alberta and made interesting points regarding the future of provincial-municipal relations.

It is well documented that Alberta is continuing its transition toward a more urban society. Urban and suburban areas in Alberta are among the most rapidly growing in the country, while some rural areas within the province face challenges maintaining and building their population. In each case, municipal governments are requesting additional fiscal support to build infrastructure and social capital that will help deal with rapid growth or attract new residents and economic development.

This challenge goes to the heart of the mandate of the Committee. Alberta cannot continue to be a credible leading voice within Canada if we fail to find solutions that will make our communities more vibrant and economically sustainable. This process

WHAT YOU SAID

Alberta needs to stop playing the role of the "poor hard done by member of Confederation". We are not poor, but are among the most fortunate in Canada and in the world. We need to be more cooperative with the federal government and with other provinces so that together we can build stronger economies and help increase the standard of living for all Canadians. Together, we can focus on eliminating things like child poverty. Together we can focus on enhancing health care and education opportunities for everyone. Together we can take better care of our environment. Together we can keep Canada Canadian!

- Participant from Red Deer

The province should preserve the Alberta Advantage and set an example for improved federal/provincial relations by role modeling renewal in the municipal/provincial relationship with a "New Deal" of their own.

- Participant from Hinton

We can accomplish a great deal in strengthening Alberta's role in Confederation through increasing the amount of interaction and relationships via tourism from the eastern half of Canada.

- Submission from Fairview

WHAT YOU SAID

We have Alberta representatives … building bridges around the world … These offices and relationships are good government and good politics … And this is why I hope you will ask the Premier to open an Alberta office in Ottawa. If we're building bridges outside Canada because it's a good idea – how about building bridges within Canada for the same reason.

- Participant from Calgary

The Chamber believes that an adequate amount of tax revenue exists within the current system to meet the needs of all levels of government. What is needed is a redistribution of government revenues, where the two senior governments reduce their levels of taxation to create the required room for municipalities to raise revenue.

- Participant from Red Deer

will require the Government of Alberta to work constructively with Alberta's municipalities and with the federal government to achieve these goals. As one presenter noted, "There are shared challenges; shared opportunities; shared solutions."

The federal government has outlined a number of new proposals related to municipalities over the past year and is seeking the cooperation of the provinces. Throughout the upcoming negotiations with the federal government, Alberta must ensure the federal government respects the policies and spending priorities of the provinces and their municipal government partners. Canada is a diverse nation and federal initiatives must reflect our diversity through flexibility and local solutions.

The Committee also heard a number of calls for greater municipal flexibility with regard to taxation. Municipal leaders argued that their current reliance on property taxes puts them at a disadvantage when it comes to raising municipal revenues in times of economic expansion. Alberta is already leading the way on municipal issues through the work of the Council on Roles, Responsibilities and Resources formed by the Minister of Municipal Affairs. Through ongoing consultation and innovative policy, Alberta can be the first to offer municipalities a more diverse set of tax tools. From a governance perspective, however, it is important that any proposed solution ensure that new sources of revenue and tax flexibility are accompanied by an awareness of increased levels of responsibility to voters and taxpayers. The Committee has a very positive view of the prospects for Alberta's municipalities. While there are challenges to overcome, there are opportunities on the horizon.

The Committee recommends that the Government of Alberta seize the opportunity to be a national leader by working with municipalities to find solutions to issues surrounding municipal funding and fiscal flexibility.

Relations With Other Provincial Governments

Alberta's relationships with the other provinces are now more important than ever. Alberta has already made great strides in encouraging cooperation among its fellow provinces on social, economic and political fronts. With the creation of the Council of the Federation, new opportunities now exist to foster a spirit of collaboration and cooperation in approaching intergovernmental matters and to strengthen Alberta's role in Canada by assuming leadership on key issues facing the Federation.

Council of the Federation

Created in 2003, the Council of the Federation consists of the 13 Premiers of Canada's provinces and territories.[1] The objectives of the Council are to promote interprovincial-territorial cooperation, to show leadership on issues important to Canadians, and to foster meaningful relations between governments based on respect for the Constitution.

The Council has already undertaken several key initiatives. These include a comprehensive work plan to reduce internal trade barriers among the provinces, and an agreement establishing the Secretariat on Information and Cooperation on Fiscal Imbalance, which will examine the fiscal imbalance between the federal and provincial-territorial governments. These are important initiatives that Alberta should continue to press multilaterally and bilaterally.

There are many other areas in which collaborative work with the Council of the Federation will be key in furthering Alberta's interests in the country.

One key area is Senate reform. Premier Klein and New Brunswick Premier Bernard Lord lead the Council's work on developing new models for national appointments to institutions like the Senate and Supreme Court of Canada. These

WHAT YOU SAID

Alberta has a stable and prosperous government; we have a strong voice in the federal-provincial table and a Premier who is a distinguished elder statesman.

– Participant from Red Deer

It is my view, that any negativism that is generated within Canada from one province to another is usually the result of lack of understanding and opportunity of being exposed to the different provincial cultures.

– Participant from St. Paul

We have got to blow our own horn a little bit more. The Premier doesn't need to go to the United States; he needs to go to eastern Canada. They don't know what the devil the oil sands are. Why not bring the interested people from eastern Canada, including MPs and MLAs here and say, 'Here's what we have to offer.' I think the money would be better spent here in Canada than going offshore.

–Participant from Fort McMurray

[1] Visit www.councilofthefederation.ca to learn more about the Council of the Federation.

WHAT YOU SAID

We should relate to Canada as a whole, not just a province. I think we should have a greater emphasis on things like student exchanges, young people learning French and other languages, recognizing that we are a bicultural and multicultural society.

– Participant from Medicine Hat

Strong provinces make for a strong Confederation.

- Participant from Calgary

Alberta must take leadership on behalf of Albertans and the rest of the provinces. You and other MLAs must begin the process of re-educating the minds of people to understand our constitutional rights and duties within Confederation.

- Submission from Red Deer

new models will ensure provincial and territorial interests are adequately reflected and accommodated.

Another key area is health care reform. All 13 Premiers have indicated the need for significant reforms to their health care systems. Opportunities exist for the Premiers to work collectively, through the Council, to ensure the federal government helps facilitate reforms by providing flexibility and understanding relative to the ***Canada Health Act***.

The Council can also push for the transfer of tax points from the federal government to provincial and territorial governments. As discussed earlier, many challenges in our federal-provincial relationship can be traced back to the structural flaws underlying the federal transfer payment system. It makes no sense for the federal government to collect far more tax money than it needs and redistribute it as a conditional allowance to the provinces and territories. Provinces and territories must be given adequate tax room to fulfill their constitutional responsibilities such as health care and education. A transfer of tax points would respect the principles of federalism and reduce intergovernmental wrangling.

Most importantly, the Council of the Federation now serves as an important vehicle in providing the Premiers with a national voice on important issues. Unlike previous gatherings of Premiers, the Council meets more frequently, develops detailed work plans on its undertakings, and is expected to serve as a powerful source of provincial unity. As one participant observed to the Committee, "When all 13 Premiers get together and agree on a position, how can the Prime Minister – just one individual – possibly refuse?"

It is this spirit of unity and vision that provides Alberta with the opportunity to take leadership and strengthen the fabric of the Canadian Federation. Alberta is unique among the provinces in that it has the fiscal flexibility, and social and political cohesion to tackle the tough issues facing the provinces. Alberta can challenge the status quo, develop innovative solutions, and share those solutions with the Council.

Since great ideas and workable solutions tend to catch on, Alberta stands to play the role of leader, innovator, and problem solver for the benefit of Canada and Canadians. By assuming challenges this way, Alberta can strengthen the rest of Canada and thereby strengthen its role and importance in the Canadian Federation. Alberta will assume the Chair of the Council in 2005, providing Alberta with the opportunity to ensure the Council plays a valuable and important role in national governance.

The Committee recommends that Alberta work collaboratively with the Council of the Federation to further Alberta's interests in key areas, including Senate reform, health care renewal, the transfer of tax points from the federal government to provincial governments, and the reduction of internal trade barriers.

Developing Relationships

In addition to the Council of the Federation, opportunities exist for Alberta to develop relationships with other provinces and our fellow Canadians who live in them.

Last year Alberta took positive steps to develop closer ties with our neighbour to the west. Alberta and British Columbia signed a Protocol of Cooperation, which committed the two provinces to work together to improve services in a number of areas, including health care, education, and economic development; and to harmonize regulations and reduce trade barriers.

WHAT YOU SAID

We need to make Ottawa very aware of Albertans taking their constitutional rights seriously.

- Participant from Red Deer

It is our belief that a key to strengthening Alberta's role in Confederation is through strengthening our cities.

- Participant from Calgary

Alberta should be more assertive of its constitutional responsibilities in dealing with the federal government, especially in the fields of social services and education. Immediately this conflicts with the new federal government's priority list of being more active in the fields of education and health care…We might all feel comfortable if the same attention was paid to the country's security, armed forces, diplomatic relations with our closest friend and trading partner, immigration, foreign relations and international trade. A close look at how well these matters have been handled in recent years would not instill confidence in the federal government's ability to enter…fields of responsibility assigned by the Constitution to the provinces.

- Submission from Edmonton

WHAT YOU SAID

Alberta's role in Canada should be to maximize opportunities for Albertans by minimizing the opportunities available to the federal government to affect that role by way of intervention, intrusion, taxation and dictation.

- Submission from Ottawa, Ontario

If Alberta does not act in the near future then I believe the federal government will continue to usurp the powers guaranteed in the Constitution Act of 1867.

- Online Submission

Alberta, and for that matter, all provinces, have been ill served by the federal government playing…in areas of provincial jurisdiction. While it may be reasonable to say, on a theoretical level, that Canadians should be served in a similar manner wherever they are in the country, it is neither practical nor reasonable in practice. Each part of Canada has its unique history and that history plays a role in the lives of today's citizens and the policies of today's governments. Whitewashing the country with one (federal) policy doesn't work and that has been shown over and over again…

- Submission from Calgary

Bilateral relationships like the Protocol of Cooperation are beneficial to Alberta and Albertans, since they provide us with the opportunities to share and learn best practices and to encourage the free flow of goods, services, people and ideas. The Committee feels these relationships also provide Alberta with closer intergovernmental ties, which can be a great source of support when tackling the key challenges faced in the Canadian Federation.

Closer ties can also be developed between Alberta and other provinces by showcasing what Alberta has to offer Canada and Canadians. Several participants praised the Alberta government for its ambitious trade missions that have increased Albertans' access to international markets and encouraged international investment. Many suggested that Alberta should encourage investment from other parts of Canada by ambitiously marketing Alberta's social and economic advantages to other Canadians. These participants felt that showcasing our province would help our fellow Canadians better understand and appreciate what Alberta has to offer the country. The Committee strongly endorses this idea.

The Committee recommends that the Government of Alberta identify and develop further opportunities for bilateral relationships between Alberta and other provinces as appropriate. **The Committee further recommends** that the Government of Alberta encourage Canadian investment and trade in Alberta by showcasing our province to other Canadians.

Relations With The Federal Government

Since the creation of the province in 1905, Alberta has faced continuing challenges in its relationship with the federal government. When the relationship works well it is because of positive communication between governments. Such communication is essential. The absence of positive communication lies at the heart of feelings of alienation and frustration.

Albertans are keenly aware of the political realities that place a large emphasis on central Canada. Alberta constitutes about 10% of the national population. Alberta is allocated nine per cent of the total seats in the House of Commons[2], and only six per cent of seats in the Senate.[3] Albertans are a minority in Canada, and we neither expect nor feel entitled to have our viewpoints carry the day on all matters of national affairs.

However, Albertans also are aware that we make great contributions to our country. Alberta's economic activity represents about 13% of Canada's gross domestic product. Given such contributions, Albertans expect the right to be heard, to be consulted, and to have our interests considered when issues of national importance are decided. As one participant noted about his feelings of alienation, "It's not because we didn't get our way; it's because we never had our say." Albertan's feelings concerning issues like the gun registry, Kyoto Protocol and Canadian Wheat Board are examples of this sentiment.

At the same time, Canadian institutions meant to vocalize regional concerns and safeguard regional interests are not working fairly. The Senate fails to fulfill its intended function. There is no formal input process for the provinces in the appointment of Justices to Canada's major trial and appeal courts. The Prime Minister alone makes appointments to the Senate and the Supreme Court of Canada. The Committee believes that provinces should have meaningful and formal input into appointments to major institutions, such as provincial Courts of Appeal.

Premier Klein's three-point plan to improve federal-provincial relations is a good first step. The plan aims to secure major institutional appointments from provincial lists; secure regular First Ministers meetings; and establish a formal role for the provinces in the negotiation of international agreements in areas of provincial jurisdiction. These steps would help ensure provinces are consulted, provide their regional

WHAT YOU SAID

The government of Alberta should set aside meaningful budgets for legal reference cases and Charter interventions on behalf of citizens…Overall, Alberta should oppose Ottawa relentlessly whenever it infringes on provincial jurisdictions.
- Citizens' Centre for Freedom and Democracy

I am from Eastern Canada (Quebec) and we only hear about Ontario, Quebec and the Maritimes' issues. The Government of Alberta and the rest of western Canada should promote their Canadian visions to all Canadians. When I watch the national news either in English or French, Western Canada is nearly omitted. Many people from Eastern Canada tell me that they would like to know more about the West. But they say they have difficulties getting news or information (media) about us. Let's promote our province in the East that we do exist and we want to be part of this great country.
- Submission from Edmonton

[2] Alberta is allocated 28 seats out of the 308 seats in the House of Commons.
[3] Alberta is allocated six Senators out of the 105 Senators that make up the current Senate of Canada.

WHAT YOU SAID

People want government to work on and act on the larger issues that concern us all greatly. I challenge you as legislators to show vision, and leadership, and re-affirm provincial jurisdiction over every area that constitutionally belongs to the Province of Alberta. I challenge you to build a legacy that will benefit all Albertans.

- Participant from Granum

There is only one taxpayer and I expect both federal and provincial levels of government to perform their mandated tasks as well as cooperate in their designated areas of responsibility to provide efficient and representative government.

- Submission from Fort McMurray

I think provincial governments tend to think more money from the federals is the answer, but I'm more convinced that they should be demanding the control they are given under Confederation...There are many in B.C. and other provinces supportive of Alberta's plans for change.

- Submission from North Vancouver, British Columbia

perspectives, and bring attention to their social and economic priorities in the context of the national agenda.

Further strategies are necessary to ensure Alberta's interests are considered and protected in the national context.

One suggestion made to the Committee was that Alberta's elected federal and provincial representatives develop closer contact. **The Committee recommends** that Alberta Members of the Legislature meet regularly with Alberta Members of Parliament to discuss issues and challenges. Such collaboration would help ensure mutual understanding of Albertans' perspectives and concerns on both local and national matters, and would assist in conveying these to Ottawa through every possible avenue of representation.

Another suggestion was that Alberta develop a stronger presence in Ottawa to better facilitate Alberta-Canada dialogue. **The Committee further recommends** that the Government of Alberta re-establish an office in Ottawa. Close proximity to, and face-to-face contact with, federal decision-makers would improve relations between our governments and would help ensure Alberta interests are accurately and efficiently conveyed and addressed.

Other Albertans suggested the federal public service could be made more pan-Canadian. **The Committee further recommends** that the Government of Alberta encourage the federal government to increase western representation in the public service. Such an increase would give the federal bureaucracy more sensitivity to concerns in western Canada.

The overarching imperative heard by the Committee, however, was that Alberta commit itself to safeguarding its constitutional rights and responsibilities. Maintaining jurisdiction over these responsibilities ensures Albertans' demands and priorities are addressed in ways that work to the benefit of the province and are carried out by an

order of government easily kept accountable by voters. As Albertans repeatedly told us, the closer a government is to the people, the more accountable it is. An "Alberta Constitution" was suggested as one way of articulating this commitment and vision for the Province of Alberta. The Committee believes this suggestion is worth examining further.

Some Albertans expressed frustration that Alberta is not presently pursuing all possible legal challenges when the federal government encroaches on or interferes with provinces' constitutional authority. In the Committee's view, Alberta should do its best to foster a positive and productive relationship with the federal government, recognizing there are many areas in which the two governments work together collaboratively to deliver high quality services. There is little to be gained by challenging each and every legal position taken by the federal government if agreement can be reached through intergovernmental channels relative to the extent and reach of federal legislation. Legal challenges should be looked to as a last resort.

At the same time, the Committee appreciates that an important component of safeguarding Alberta's constitutional authority is to ensure appropriate constitutional challenges are commenced when the federal government intrudes on areas of provincial responsibility. In order to do this effectively, the government must ensure that adequate financial resources are set aside. **The Committee further recommends** that the Government of Alberta establish a fund for use in pursuing those legal challenges deemed to be necessary and desirable for safeguarding Alberta's Constitutional jurisdiction.

The Committee believes the Alberta government should continue to foster positive relations with the federal government and work collaboratively towards delivering the best possible services to Albertans, while improving the strength of Alberta's national voice. **The Committee also recommends** that the Government of Alberta work towards fixing the underlying structural problems of our Canadian institutions that feed the flames of western alienation.

WHAT YOU SAID

All the provinces need to stand up and take on the responsibilities afforded them in the Constitution of Canada. Alberta is a leader in innovation now and could lead the way with these initiatives. All the areas in the country feel alienated and abused and taken for granted. They could all feel more part of the country if they had more control over their destinies.

- Online Submission

Imagine that Alberta had not joined Confederation in 1905. And imagine if Ralph Klein and Paul Martin met today to negotiate Alberta's entry into Confederation. How do you think that meeting would go? I suppose Martin would say, "Ralph, here's the deal. What I will do is make all your people register their guns, then I'll tell your wheat farmers that once they harvest their crops, it all belongs to me. Then I'll enact an Accord that will hamstring your oil industry. And Ralph, all you have to do in return is give me nine billion dollars a year. So what do you say?"

- Submission from Wainwright

OUR FUTURE

In just 100 years, Albertans have worked together to build strong ties, strong communities, and a strong province. Alberta has led the country in its economic success. The achievements of Albertans have had a lasting impact on the landscape of Canada and the lives of Canadians.

Albertans are bold in vision and we have a powerful spirit of hope and optimism. Albertans have a proud past worth celebrating. As we look forward to the future, our maverick nature inspires us to use our creativity and talents to solve the many challenges facing Canadians. It is our role, indeed our responsibility, to lead in building a prosperous and strong Canada.

We must work to continue building a strong Alberta, for there is much we can accomplish. Albertans can and will confront those issues facing our province: from renewing our health care and education systems, to sustaining our municipalities. We will innovate, develop solutions, and share our successes with our fellow Canadians.

We must also work to achieve constructive and meaningful change in Canada. By enhancing our relationships with other provincial governments, working collaboratively and strategically, we can foster the proud spirit for which Albertans are famous. United and strong, the provinces can create a better Canada by:

- reshaping the institutions that protect regional interests;
- ensuring provincial input on national decisions, and;
- safeguarding provincial constitutional authority.

The concepts discussed in this report provide the Government of Alberta with a roster of ideas on how Alberta will assume its leadership role in Canada – ideas that will help Canadians reinforce the foundations of social and economic prosperity on which our country was founded. These ideas are a testament to the creativity and ingenuity of Albertans, for they have their genesis in the minds and hearts of Albertans who, with passion and vigour,, articulated their vision for strengthening Alberta's role in Canada.

APPENDIX

Public Forum Presenters:

January 15 - Hinton

Deputy Mayor Glenn Taylor – Hinton
Mr. Bernie Kreiner – Hinton
Mr. Rob Merrifield, MP – Edson
Mr. Ken Cameron – Drayton Valley
Mr. Earl Trathen – Edson
Mr. Don Bright – Edson
Mr. Allan H. Johnstone – Edson
Mr. Werner Lorenz – Hinton
Mr. Marcel Dery – Hinton
Mr. Jack Wilson – Hinton
Mr. Bruce L. Deal – Hinton
Mr. Steve Knobbe – St. Albert

January 27 - Grande Prairie

Mr. Mike Osborn – High Level
Mr. Norm Dyck – Grande Prairie
Mrs. Marg Dyck – Grande Prairie
Councillor Roy Borstad – Clairmont

January 28 - Peace River

Mr. Gerald Lundgard – Peace River
Mr. Bill Anderson – Peace River
Mr. George Murphy – Peace River

January 29 - Fort McMurray

Mr. Len Marcischuk – Fort McMurray
Mr. Art Avery – Fort McMurray
Mr. Blake Robert – Fort McMurray
Mr. Andrew Highfield – Fort McMurray

February 3 - Medicine Hat

Mayor Alan Highland – Bow Island
Mr. Bill Dearborn – Medicine Hat
Mr. Larry Samcoe – Medicine Hat
Ms. Fran Irwin – Medicine Hat
Mr. Jim Horsman – Medicine Hat
Mr. Peter Parker – Medicine Hat
Mr. Llewellyn Fyten – Medicine Hat
Mr. Carl Pattison – Medicine Hat
Mr. Dana Cooper – Medicine Hat
Mr. Ted Herman – Medicine Hat
Mr. Lorne Swalm – Medicine Hat
Mr. Rob Renner – Medicine Hat

February 4 - Red Deer

Mayor Gail Surkan – Red Deer
Mr. Bob Mills, MP – Red Deer
Mr. Darren Kuz – Red Deer
Councillor Morris Flewelling – Red Deer
Mr. Howard Baxter – Red Deer
Mr. Jim Chateney – Red Deer
Mr. Sam Denhaan – Red Deer
Mr. Glenn Simon – Red Deer
Mr. Grant Allen – Condor
Mr. Craig Penner – Didsbury
Ms. Jan Fisher – Red Deer
Mr. Garnet Medicraft – Red Deer
Mr. Gerald Wilson – Red Deer

February 5 - Lethbridge

Mr. Jim Dejax – Cowley
Mr. Evan Berger – Nanton
Mr. Jeffrey Hale – Lethbridge
Mr. Peter McCormick – Lethbridge
Mr. Bruce Webster – Lethbridge
Mr. Tom Ackerman – Lethbridge
Mr. Ron Hierath – Milk River
Mr. Bob Bourke – Granum
Mr. Neil Wilson – Nanton
Mr. Warren Green – Claresholm
Mr. Bob Bysouth – Cardston
Mr. Walter Gripping – Granum
Mr. Glen Michleson – Lethbridge
Mr. Bob Diesbart – Lethbridge
Mr. Paul Hinman – Welling

February 11 - St. Paul

Mayor John Trefanenko – St. Paul
Mayor Kathryn Wiebe – Bonnyville
Reeve Robert Bouchard – St. Paul
Mr. Tom Maccagno – Lac La Biche
Mr. Irv Pineau – Cold Lake
Mr. Andy Livingston – Ardmore
Ms. Sheila Thompson – Elk Point
Mr. Ray Makowecki – St. Paul
Mr. Paul Kennett – St. Paul
Mr. Paul Pelltier – St. Paul
Mr. Jim Coleman – St. Paul
Mr. Jules Journault – St. Paul
Mayor Hansa Thaleshvar – Cold Lake
Mr. Steve Upham – Spedden
Mr. Reg Lamothe – St. Paul

February 12 - Wainwright

Mr. Dale Blue – Amisk
Mr. David Guy – Edgerton
Mr. Herman Schwenk – Coronation
Mr. Keith Griffiths – Coronation
Mr. Robert Kratchmer – Wainwright
Mr. Don Taylor – Wainwright
Mr. Reginald Lamothe – St. Paul
Mr. Glen Parent – Wainwright
Mr. Mark Sheedy – Derwent
Mr. David Nelson – Metiskow
Mr. Don Torok – St. Paul
Mr. Lee Robley – Metiskow

February 26 - Edmonton

Mr. Brian Heidecker – Edmonton
Mr. Mark Lencucha – Edmonton
Mr. Darren Reeder – Edmonton
Mr. Ernie Patterson – Edmonton
Mr. John McGowan – Edmonton
Mr. Robinson Koilpillai – Edmonton
Mr. Bob Whyte – Edmonton
Mr. Russell Carr – Edmonton
Mr. Grant Dorosh – Stony Plain
Mr. Marshall Deslauriers – Edmonton
Mr. Rob Anderson – Edmonton
Mr. Don Duncan – Sherwood Park
Mr. Adil Pirbhai – Edmonton
Mr. Link Byfield – Edmonton
Mrs. Ollie Schulz – Edmonton
Ms. Kerry Barrett – Edmonton
Mr. Don Hughes – Edmonton
Mr. James Rahn – Edmonton
Mr. Don Davidson – Edmonton
Mr. Gerald Foster – Riviere Qui Barre
Ms. Sheila McKay – Edmonton

February 27 - Edmonton

Mayor Richard Plain – St. Albert
Mr. Martin Salloum – Edmonton
Mr. Jim Dinning – Calgary
Mr. Harvey Voogd – Edmonton
Mr. Earl Trathen – Edson
Ms. Marilyn Byrne – Edmonton
Mr. Brian Staples – Edmonton
Mr. Noel Somerville – Edmonton
Mr. Robert Lea – Edmonton
Mr. Len Bracko – St. Albert
Ms. Verna Milligan – Edmonton
Mr. Gordon Steele – Edmonton
Mr. Ken Allred – St. Albert
Mr. Hans Zurcher – Edmonton
Mr. Reg Woelfle – Sherwood Park
Ms. Anne Romanow – Edmonton
Mr. Brian Huff – Edmonton
Mr. Greg Toker - Morinville

March 3 - Drumheller

Mr. Leslie Czar – Hanna
Ms. Susan Berdahl – Drumheller
Ms. Shannon Varga – Three Hills
Mr. Paul Schorak – Forestburg
Ms. Louisa Lowen – Drumheller
Ms. Eileen Walker – Strathmore
Mr. Ray Wakelin – Red Deer
Mr. Bert Brown – Kathryn
Mr. Rick Strankman – Altario
Mr. Allan Megli – Linden

March 4 – Calgary

Mr. Joe Ceci – Calgary
Ms. Jocelyn Burgener – Calgary
Ms. Loleen Berdahl – Calgary
Ms. Frances Wright – Calgary
Mr. Murray Mikulak – Edmonton
Mr. Ruben Nelson – Lac Des Arcs
Mr. Ted Morton – Calgary
Ms. Sylvia LeRoy – Calgary
Mr. Patrick Beauchamp – Calgary
Mr. Jim Silye – Calgary
Ms. Treasa Van Ommen Kloeke – Calgary
Ms. Jennifer Diakiw – Calgary
Ms. Hermina Dykxhoorn – Calgary
Mr. Lloyd Quantz – Didsbury
Ms. Carol Tholenaer – Calgary
Mr. Tom Sindlinger – Calgary
Mr. Robert Anderson – Balzac
Mr. Andy Crooks – Calgary
Mr. Michael Wilhelm – Calgary
Ms. Hazel Corcoran – Calgary
Ms. Joan Teghtmeyer – Calgary
Mr. Ed Wolf – Calgary
Mr. Bernard Amell – Calgary
Mr. Harald Gunderson – Calgary
Mr. Donald Horne – Calgary
Mr. David Bertram – Calgary
Mr. Ward Neale – Calgary
Mr. Mike Sawyer – Calgary
Mr. Mel Teghtmeyer – Calgary

Excerpts from the *Constitution Act, 1867*

Distribution of Legislative Powers:

Powers of the Parliament

91. It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces; and for greater Certainty, but not so as to restrict the Generality of the foregoing Terms of this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next hereinafter enumerated; that is to say,

1. Repealed
1A. The Public Debt and Property.
2. The Regulation of Trade and Commerce.
2A. Unemployment insurance.
3. The raising of Money by any Mode or System of Taxation.
4. The borrowing of Money no the Public Credit.
5. Postal Service.
6. The Census and Statistics.
7. Militia, Military and Naval Service, and Defence.
8. The fixing of and providing for the Salaries and Allowances of Civil and other Officers of the Government of Canada.
9. Beacons, Buoys, Lighthouses, and Sable Island.
10. Navigation and Shipping.
11. Quarantine and the Establishment and Maintenance of Marine Hospitals.
12. Sea Coast and Inland Fisheries.
13. Ferries between a Province and any British or Foreign Country or between Two Provinces.
14. Currency and Coinage.
15. Banking, Incorporation of Banks, and the Issue of Paper Money.
16. Savings Banks.
17. Weights and Measures.
18. Bills of Exchange and Promissory Notes.
19. Interest.
20. Legal Tender.
21. Bankruptcy and Insolvency.
22. Patents of Invention and Discovery.
23. Copyrights.
24. Indians, and Lands reserved for the Indians.
25. Naturalization and Aliens.
26. Marriage and Divorce.
27. The Criminal Law, excepting the Constitution of the Courts of Criminal Jurisdiction, but including the Procedure in Criminal Matters.
28. The Establishment, Maintenance, and Management of Penitentiaries.
29. Such Classes of Subjects as are expressly excepted in the Enumeration of the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

And any Matter coming within any of the Classes of Subjects enumerated in this Section shall not be deemed to come within the Class of Matters of a local or private Nature comprised in the Enumeration of the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

Exclusive Powers of Provincial Legislatures

92. In each Province the Legislature may exclusively make Laws in relation to Matters coming within the Classes of Subjects next hereinafter enumerated; that is to say,

1. Repealed.
2. Direct Taxation within the Province in order to the raising of a Revenue for Provincial Purposes.
3. The borrowing of Money on the sole Credit of the Province.
4. The Establishment and Tenure of Provincial Offices and the Appointment and Payment of Provincial Officers.
5. The Management and Sale of the Public Lands belonging to the Province and of the Timber and Wood thereon.
6. The Establishment, Maintenance, and Management of Public and Reformatory Prisons in and for the Province.
7. The Establishment, Maintenance, and Management of Hospitals, Asylums, Charities, and Eleemosynary Institutions in and for the Province, other than Marine Hospitals.
8. Municipal Institutions in the Province.
9. Shop, Saloon, Tavern, Auctioneer, and other Licences in order to the raising of a Revenue for Provincial, Local, or Municipal Purposes.
10. Local Works and Undertakings other than such as are of the following Classes:-
    (a) Lines of Steam or other Ships, Railways, Canals, Telegraphs, and other Works and Undertakings connecting the Province with any other or others of the Provinces, or extending beyond the Limits of the Province:
    (b) Lines of Steam Ships between the Province and any British or Foreign Country:
    (c) Such Works as, although wholly situate within the Province, are before or after their Execution declared by the Parliament of Canada to be for the general Advantage of Canada or for the Advantage of Two or more of the Provinces.
11. The Incorporation of Companies with Provincial Objects.
12. The Solemnization of Marriage in the Province.
13. Property and Civil Rights in the Province.
14. The Administration of Justice in the Province, including the Constitution, Maintenance, and Organization of Provincial Courts, both of Civil and of Criminal Jurisdiction, and including Procedure in Civil Matters in those Courts.
15. The Imposition of Punishment by Fine, Penalty, or Imprisonment for enforcing any Law of the Province made in relation to any Matter coming within any of the Classes of Subjects enumerated in this Section.
16. Generally all Matters of a merely local or private Nature in the Province.

Non-Renewable Natural Resources, Forestry Resources and Electrical Energy

92A. (1) In each province, the legislature may exclusively make laws in relation to

(a) exploration for non-renewable natural resources in the province;

(b) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(c) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(a) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(b) sites and facilities in the province for the generation of electrical energy and the production therefrom,

whether or not such production is exported in whole or in part from the province, but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

(5) The expression "primary production" has the meaning assigned by the Sixth Schedule.

(6) Nothing in subsections (1) to (5) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of this section.

Education

93. In and for each Province the Legislature may exclusively make Laws in relation to Education, subject and according to the following Provisions:

(1) Nothing in any such Law shall prejudicially affect any Right or Privilege with respect to Denominational Schools which any Class of Persons have by Law in the Province at the Union:

(2) All the Powers, Privileges, and Duties at the Union by Law conferred and imposed in Upper Canada on the Separate Schools and School Trustees of the Queen's Roman Catholic Subjects shall be and the same are hereby extended to the Dissentient Schools of the Queen's Protestant and Roman Catholic Subjects in Quebec:

(3) Where in any Province a System of Separate or Dissentient Schools exists by Law at the Union or is thereafter established by the Legislature of the Province, an Appeal shall lie to the Governor General in Council from any Act or Decision of any Provincial Authority affecting any Right or Privilege of the Protestant or Roman Catholic Minority of the Queen's Subjects in relation to Education:

(4) In case any such Provincial Law as from Time to Time seems to the Governor General in Council requisite for the due Execution of the Provisions of this Section is not made, or in case any Decision of the Governor General in Council on any Appeal under this Section is not duly executed by the proper Provincial Authority in that Behalf, then and in every such Case, and as far only as the Circumstances of each Case require, the Parliament of Canada may make remedial Laws for the due Execution of the Provisions of this Section and of any Decision of the Governor General in Council under this Section.

93A. Paragraphs (1) to (4) of section 93 do not apply to Quebec.

Uniformity of Laws in Ontario, Nova Scotia, and New Brunswick

94. Notwithstanding anything in this Act, the Parliament of Canada may make Provision for the Uniformity of all or any of the Laws relative to Property and Civil Rights in Ontario, Nova Scotia, and New Brunswick, and of the Procedure of all or any of the Courts in those Three Provinces, and from and after the passing of any Act in that Behalf the Power of the Parliament of Canada to make Laws in relation to any Matter comprised in any such Act shall, notwithstanding anything in this Act, be unrestricted; but any Act of the Parliament of Canada making Provision for such Uniformity shall not have effect in any Province unless and until it is adopted and enacted as Law by the Legislature thereof.

Old Age Pensions

94A. The Parliament of Canada may make laws in relation to old age pensions and supplementary benefits, including survivors' and disability benefits irrespective of age, but no such law shall affect the operation of any law present or future of a provincial legislature in relation to any such matter.

Agriculture and Immigration

95. In each Province the Legislature may make Laws in relation to Agriculture in the Province, and to Immigration into the Province; and it is hereby declared that the Parliament of Canada may from Time to Time make Laws in relation to Agriculture in all or any of the Provinces, and to Immigration into all or any of the Provinces; and any Law of the Legislature of a Province relative to Agriculture or to Immigration shall have effect in and for the Province as long and as far only as it is not repugnant to any Act of the Parliament of Canada.

VII. JUDICATURE

96. The Governor General shall appoint the Judges of the Superior, District, and County Courts in each Province, except those of the Courts of Probate in Nova Scotia and New Brunswick.

97. Until the Laws relative to Property and Civil Rights in Ontario, Nova Scotia, and New Brunswick, and the Procedure of the Courts in those Provinces, are made uniform, the Judges of the Courts of those Provinces appointed by the Governor General shall be selected from the respective Bars of those Provinces.

98. The Judges of the Courts of Quebec shall be selected from the Bar of that Province.

99. (1) Subject to subsection two of this section, the Judges of the Superior Courts shall hold office during good behaviour, but shall be removable by the Governor General on Address of the Senate and House of Commons.

(2) A Judge of a Superior Court, whether appointed before or after the coming into force of this section, shall cease to hold office upon attaining the age of seventy-five years, or upon the coming into force of this section if at that time he has already attained that age.

100. The Salaries, Allowances, and Pensions of the Judges of the Superior, District, and County Courts (except the Courts of Probate in Nova Scotia and New Brunswick), and of the Admiralty Courts in Cases where the Judges thereof are for the Time being paid by Salary, shall be fixed and provided by the Parliament of Canada.

101. The Parliament of Canada may, notwithstanding anything in this Act, from Time to Time provide for the Constitution, Maintenance, and Organization of a General Court of Appeal for Canada, and for the Establishment of any additional Courts for the better Administration of the Laws of Canada.

REPORT OF THE MLA COMMITTEE ON

STRENGTHENING ALBERTA'S ROLE IN CONFEDERATION

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Alberta
GOVERNMENT OF ALBERTA